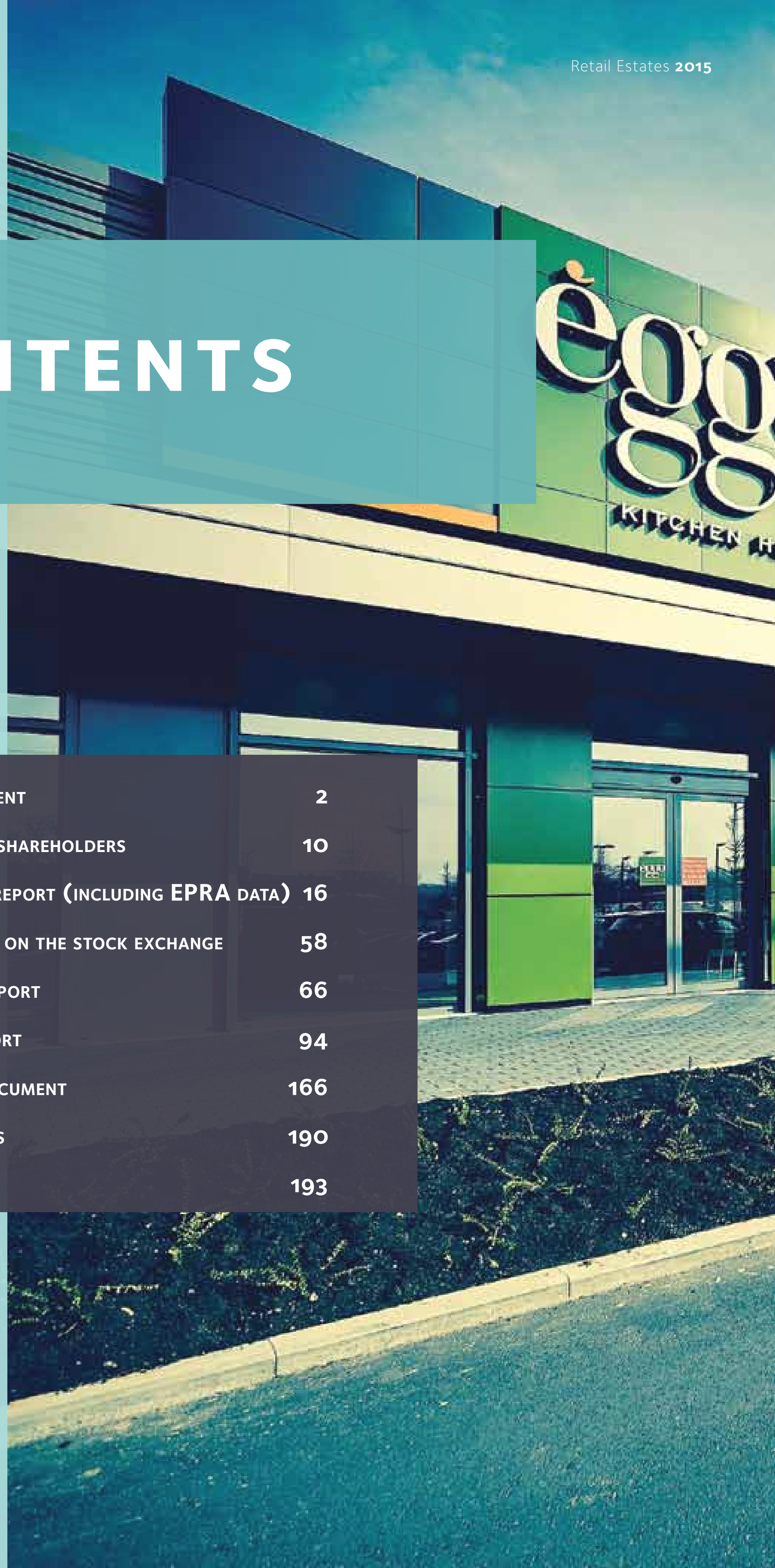
IN RETAIL WE TRUST

Annual report 2014 - 2015

RETAIL ESTATES



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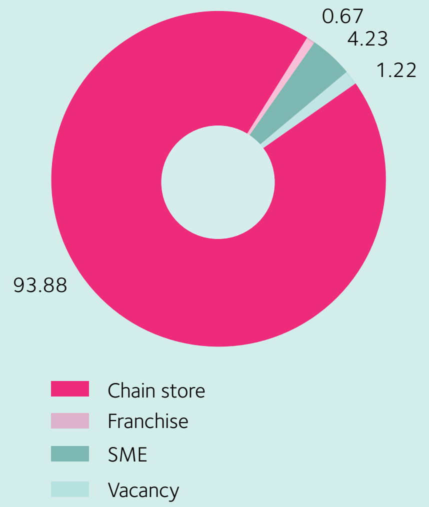
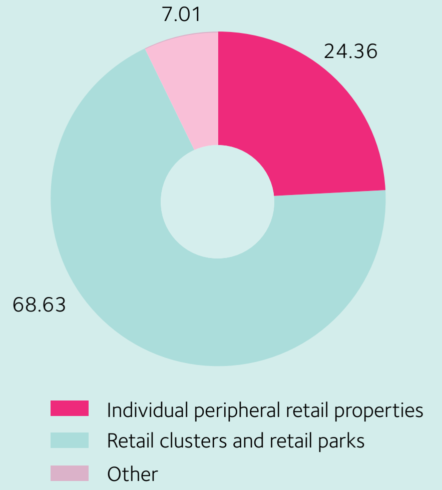
Key events

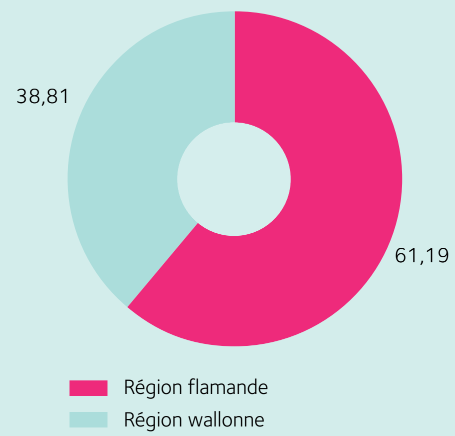
Tenants: Chain stores versus others



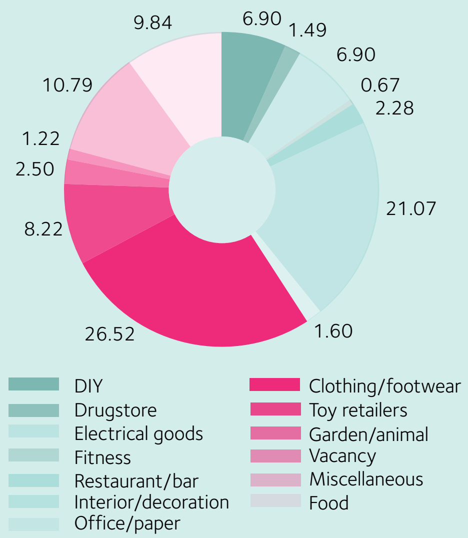
Type of building



Geographical spread



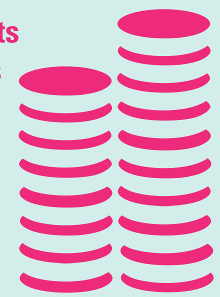
Commercial activities of tenants



98.78% stable occupancy rate

611,076 m² retail area

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

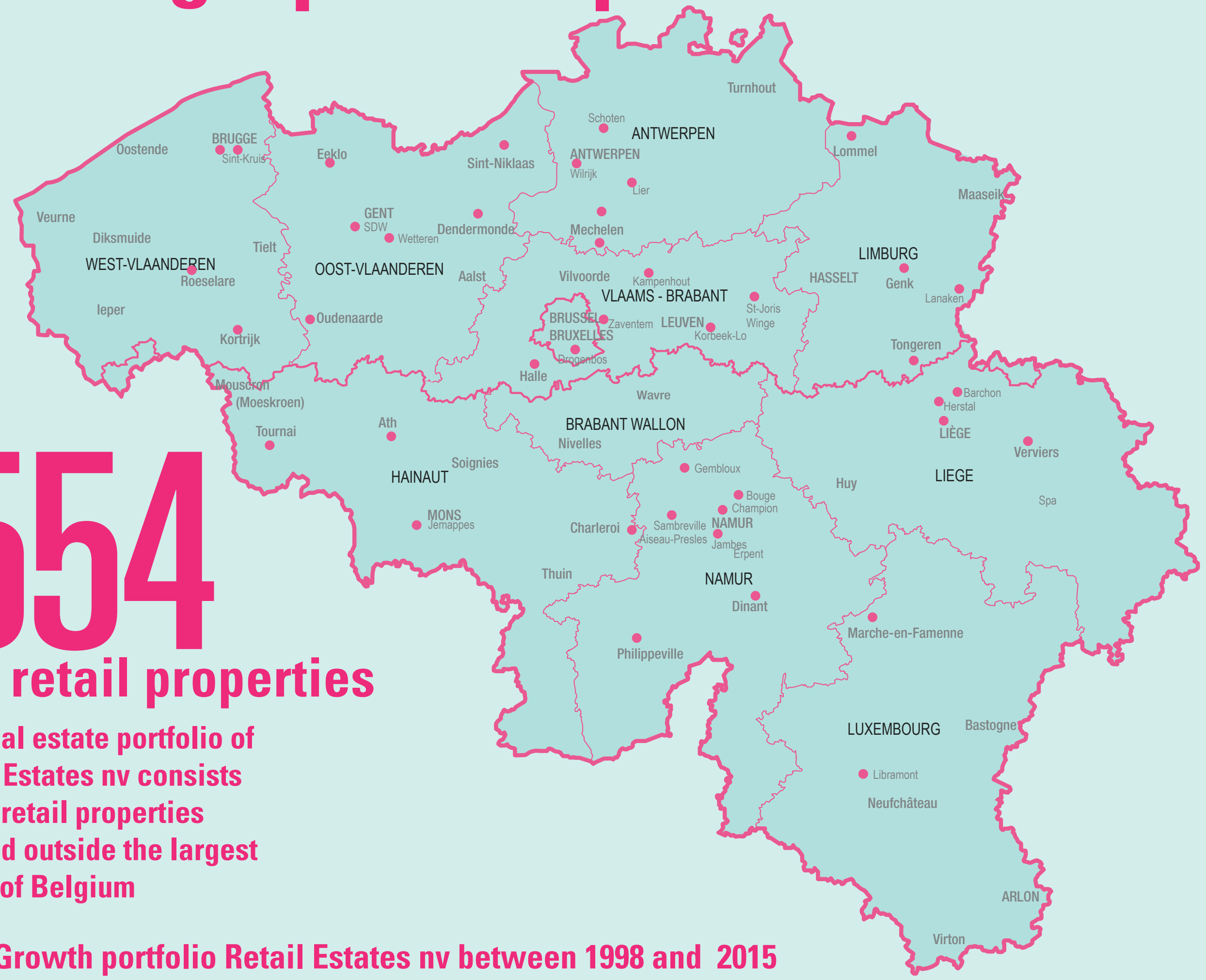


Fair value

837

million EUR

Geographical spread clusters

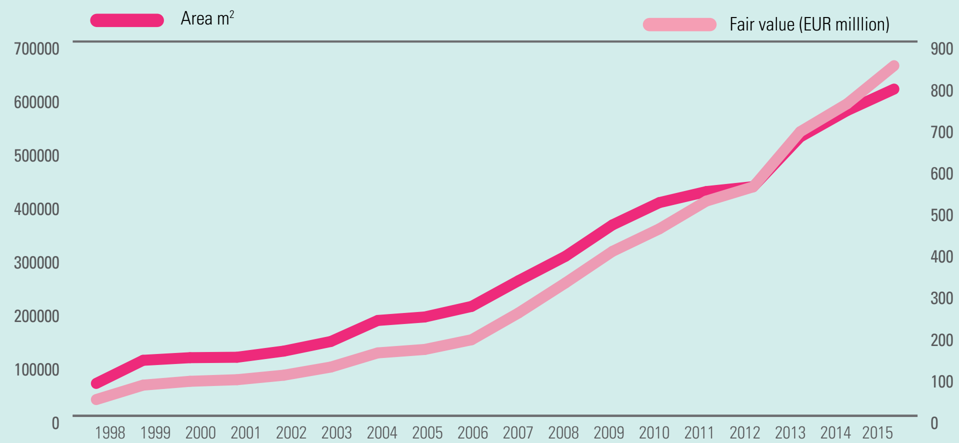


554

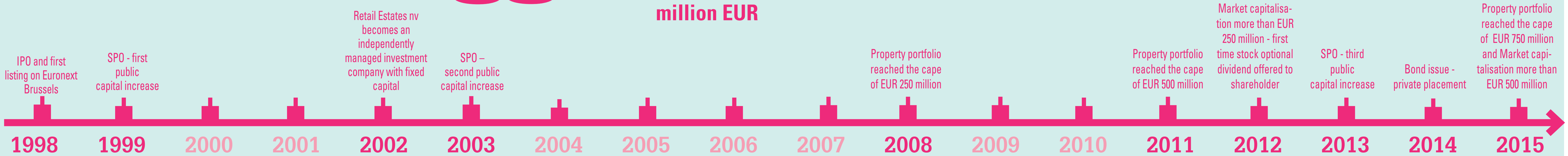
retail properties

The real estate portfolio of Retail Estates nv consists of 554 retail properties located outside the largest cities of Belgium

Growth portfolio Retail Estates nv between 1998 and 2015



Since 1998, Retail Estates nv has been investing in out-of-town retail properties, alongside roads. Over a period of **17 years,** it has established a significant portfolio which, on 31 March 2015, consisted of **554 retail properties**, covering a **total built-up retail area** of **611,076 m²**. Their **fair value** totals **EUR 837 million**. The **investment value** of the **real estate portfolio** amounts to **EUR 858 million**.



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	31/03/15	31/03/14	31/03/13
Total retail properties	554	548	499
Total lettable area in m²	611,076	570,870	521,452
Estimated fair value in EUR	837,121,000	745,916,000	675,593,000
Estimated investment value in EUR	857,862,000	764,193,000	691,170,000
Average rent prices per m²	92.48	90.78	87.16
Occupancy rate	98.78%	98.17%	98.13%
BALANCE SHEET INFORMATION			
Shareholders' equity	381.212.000	356.524.000	269.588.000
Debt ratio (RREC legislation*, max. 65%)	51.54%	49.10%	55.75%
RESULTS			
Net rental income	52,706,000	47,024,000	41,402,000
Property result	52,334,000	46,761,000	40,959,000
Property charges	-3,362,000	-3,044,000	-2,549,000
General costs and other operating costs and income	-2,888,000	-2,400,000	-2,263,000
Operating result before result on the portfolio	46,084,000	41,316,000	36,147,000
Result on the portfolio	6,610,000	3,496,000	8,902,000
Operating result	52,694,000	44,812,000	45,029,000
Financial result	-17,128,000	-15,787,000	-14,771,000
Net result	35,238,000	28,568,000	29,582,000
Net current result (excl. result on the portfolio)	28,628,000	25,072,000	20,700,000
INFORMATION PER SHARE			
Number of shares	7,559,473	7,290,411	5,813,122
Number of shares entitled to dividend	7,559,473	7,290,411	5,813,122
Net asset value IFRS	50.43	48.90	46.38
Net asset value EPRA	53.68	52.18	51.55
Net asset value (investment value) excl. dividend excl. IAS 39	53.34	51.70	51.36
Gross dividend per share	3.10	3.00	2.90
Net dividend per share	2.325	2.25	2.175
Gross dividend yield on closing price	4.22%	5.36%	5.27%
Net dividend yield on closing price	3.16%	4.02%	3.95%
Closing price on closing date	76.64	58.92	57.98
Average share price	64.91	56.35	52.12
Evolution of share price during the financial year	30.01%	1.58%	17.13%
Over-/undervaluation compared to net asset value IFRS	51.97%	20.49%	25.01%

* 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).

Risk management

> Retail Estates operates since the development of the peripheral retail business. Thanks to its expertise in market dynamics, the company has become the market leader.

Peripheral retail property Orchestra, Braine-l'Alleud

“

KNOWLEDGE AND EXPERIENCE

While we are not investing in a risk-free environment, we do make use of our knowledge and experience to reduce the risks. Therefore, we closely follow the developments in the rental market and the effects that changing legislation entails.

Risk management

1. Market value of the real estate

The value of the portfolio is assessed by independent real estate experts on a quarterly basis. A fall in value leads to a decrease in the company’s equity and a rise in value leads to an increase in the company’s equity.

The value of the out-of-town retail properties is mainly determined by the commercial value of the property locations. Owing to a shortage of sites in good locations, the supply and demand is exerting upward pressure, both in the market for private investors and among institutional investors. Values are generally inflation-proof due to rent indexing, but are also interest-sensitive because of the high level of debt with which many investors work. Institutional investors’ willingness to invest can suffer sharp temporary falls, due to macro-economic factors influencing the availability and cost of credit. Experience shows that the private investor market, which continues to represent over 60 % of investments, is less sensitive in this respect.

2. Developments in the rental market

It goes without saying that there are various risks in this area. Risks may take the form of vacant properties, but can also pertain to rentability, tenant quality, building ageing, and the trend in supply and demand in the rental market. In the first instance, these risks are reflected in the evolutions of letting values. In this context, special attention should be given to the evolution of the relative importance of the various sales channels available in retail business. They consist of traditional channels such as stores in central locations and shopping malls, local shops, hypermarkets and supermarkets and large-scale peripheral stores, as well as distance selling through catalogue houses or internet sales. The relative importance of each of these individual channels constantly changes. On balance, the peripheral retail business and particularly the store premises of the type Retail Estates nv invests in are part of the successful concepts of the past 25 years. Several of Retail Estates’ tenants have integrated the trumps of distance selling in their shopping concept, sometimes even in their stores, which is good for their market position. If the sales channels where Retail Estates nv invests in would become less important, this will inevitably have an adverse impact on the profitability of its tenants and put the rental value under pressure. Of course there is also a bad debt risk, despite precautions taken by the management, which tries to do everything possible to review the creditworthiness and reliability of tenants in advance. However, the creditworthiness of tenants can change drastically during the course of the lease agreement, and the lessor cannot terminate the relationship unilaterally. A decline in the turnover of retail trade in one or several sectors may significantly harm the profitability of the tenants. In such cases, even the customary three to six month bank guarantee is insufficient to cushion all risks. The legislation on commercial lease agreements and the law on the continuity of companies provide tenants with extensive, long-term protection. In case of disputes, this legislation is often interpreted flexibly by judges, in favour

of the tenant. In addition, tenants, contrary to the lessor, are legally entitled to terminate the lease agreement unilaterally, every three years.

3. Structural state of the buildings

The management does everything within its power to anticipate these risks. To this end, it implements a consistent policy on major repairs that fall under the lessor’s responsibility. In practice, these repairs are mainly limited to the renovation of car parks and roofs.

4. Financial risks

Duration of the loans

Financing is concluded on a long-term basis in the form of “bullet loans”, i.e. loans whose capital must be repaid in a single instalment after a period of five to six years. During the duration of the loan, the public regulated real estate company (Belgian REIT, hereafter “public RREC”) only pays the interest. As of 31 March 2015 the average term of its credit agreements is 3 years.

Use of financial instruments

Changing interest rates may expose the company to the risk of increased interest charges. The company implements a conservative policy, which keeps the interest risk to a minimum.

For covering the interest rate risk on long-term loans negotiated on a variable rate basis, Retail Estates nv uses Interest Rate Swaps. The terms of these instruments are aligned with those of the underlying credits. If the Euribor interest rate (the interest rate for short-term loans) falls sharply, the market value of these instruments goes down. This drop does not, however, impact the net profit of Retail Estates nv, given that this constitutes effective hedging within the scope of IAS 39. Cash flow hedge accounting is, therefore, applied to these swaps. As a result, variations in the value of these swaps are taken directly into equity and do not appear in the income statement of the public RREC.

In an interest rate swap, the variable interest rate is exchanged for a fixed interest rate. Under the interest rate policy conducted by the company, 94.71% of the current loans, with a remaining term of 3 years, have been hedged with a fixed interest rate. In addition, a large part of the loans to be renewed are forward hedged. The average interest rate of the public RREC is 4.35%.

Counterparty risk in banking

Entering into bank loans and concluding hedging instruments with financial institutions will create a counterparty risk for the company if the financial institutions default. This risk can be limited by spreading these bank loans and hedging instruments across various banks.

Covenant risk in banking

Due to its strong track record and based on a number of covenants, financial institutions grant loans to Retail Estates nv. Failure to fulfil the covenants may result in the premature cancellation of the loans. The loans carry conventional covenants that mainly pertain to the retention of the status of a regulated real estate company and the related maximum permissible indebtedness. The company satisfies all the covenants laid down by the banks. In addition to this, under Article 24 of the RREC R.D., Retail Estates nv will draw up a budget forecast that will be executed if, at any time, the consolidated debt ratio, within the meaning of the R.D., exceeds 50 %. The forecast will describe the measures to be taken in order to prevent the consolidated debt ratio rising above 65 % of the consolidated assets. The evolution of the debt ratio will be evaluated on a regular basis, and there will be a preliminary analysis of how every proposed investment operation would affect the company's debt ratio.

This obligation will not impact the banking covenant risk of the company.

On 31 March 2015, the consolidated debt ratio of Retail Estates nv amounts to 51.54% (on 31 March 2014, the debt ratio was 49.10%), which is considerably lower than the maximum debt ratio of 65% allowed by the RREC Law.

5. Technical risks relating to permits

The value of out-of-town retail properties largely depends on holding all the urban planning permits and licences required under the trade-premises legislation, depending on the intended purpose of the premises.

The management pays the necessary attention to this issue when acquiring and developing retail premises.

Where external circumstances require a change in retail activity, it is necessary to apply for modifications to previously granted permits.

Obtaining such modifications is frequently time-consuming and hardly transparent, with properties lying temporarily vacant even though tenants have been found.

In such situations, the management tries to limit the risks by maintaining realistic expectations of lease renewals.

6. Modification of the traffic infrastructure

By definition, out-of-town retail properties are mainly accessible by means of regional roads. For traffic safety reasons, these roads are regularly resurfaced or renewed in order to feature new roundabouts, bicycle lanes, tunnels, etc. Such reconstruction work usually benefits the commercial value of retail premises, as the traffic flow is often slowed down and the surroundings of the retail premises made safer. However, in exceptional cases, the possibility that the accessibility of some retail premises may consequently be limited cannot be excluded.

7. Risks linked to the acquisition of real estate by share transactions

A substantial portion of the real estate portfolio has been acquired by gaining control of real estate companies. These companies are absorbed by Retail Estates nv in order to enable the full transfer of their assets and liabilities. The management takes the necessary precautions to identify possible risks prior to the acquisition and to obtain the required contractual guarantees from the seller/contributor.

8. Soil pollution

Previously, activities of a potentially polluting nature had taken place at a number of locations where the company owns retail premises. In principle, Retail Estates nv is not responsible for this sort of pollution which is of a 'historical nature'. In general tenant activities only entail a limited risk of pollution. Moreover, this risk falls under the responsibility of the tenant. However, the procedures under the current legislation in the three regions are complex and time-consuming, potentially leading to investigation and research costs. Earth-moving regulations also represent an additional cost, if the soil on the polluted sites needs to be handled during construction works.

9. Regulatory risks

Risk in connection with regulatory developments

Changes in the regulation, inter alia with respect to tax law, environment, town planning, mobility policy and sustainable development and new provisions regarding letting real estate and the prolongation of required permits to be held by the company may have an impact on its profitability and on the fair value of its assets.

Fiscal legislation

The exit tax, due by companies whose assets have been acquired by an RREC in case of (inter alia) a merger is calculated on the basis of Circular Letter Ci.RH.423/567.729 of the Belgian tax authorities dd. 23 December 2004, the interpretation or practical application of which may change anytime. The "actual tax value" stated in this Circular Letter is calculated less registration taxes or VAT (which would be applicable in case of a sale of the assets) any may differ from the fair value of the real estate as stated in the balance sheet of the public RREC in accordance with IAS 40.

Risks in connection with the PUBLIC regulated real estate company status

As a public RREC, Retail Estates nv is exposed to the risk of future changes in the legislation on RRECs. In addition, there is also a risk that the public RREC status may not be recognised anymore. In that case, Retail Estates nv will lose the privilege of the advantageous RREC tax regime. Moreover, the loss of such recognition is usually considered as an event resulting in early repayment of Retail Estates nv's loans.

Risks in connection with the INSTITUTIONAL regulated real estate company status

On the date of this annual report, Retail Estates nv controls one institutional RREC, i.e. Retail Warehousing Invest nv. Retail Warehousing Invest nv, just like Retail Estates nv, is subject, in its capacity of institutional RREC, to the provisions of the Law of 3 August 2012 and to the RREC R.D., that define limitations with regard to (among others) the activities, the processing of results, conflicts of interest, and corporate governance. Meeting these specific requirements on a permanent basis shall also depend on the ability of Retail

Warehousing Invest nv to manage its assets successfully, and to respect strict internal audit procedures.

The risks related to this status are similar to those related to the status of public RREC of Retail Estates nv, with the primary risk of losing the benefit of the special tax system of an RREC. In addition, the loss of recognition is generally mentioned in the relevant credit agreements as an event which makes the credits closed by Retail Warehousing Invest nv repayable earlier than the due date, and the loss of this status would have a negative impact on the activities, the results, the profitability, the financial situation and the prospects of Retail Warehousing Invest nv and the group as a whole.

Letter to the shareholders

> With a widespread shareholding, Retail Estates aims at creating sustainable value for all shareholders.

Retail park T-Forum, Tongeren

"

We are committed to creating "sustainable growth" that is optimum for your investment.
In retail we trust!

Letter to the shareholders

Retail Estates continues to systematically work on the company's growth. The capital base, which was increased in June 2013 by issuing EUR 72 million in new shares, was further increased in the past financial year by EUR 14.80 million on the occasion of the contribution in kind of five retail properties by the French retailer Orchestra. These transactions, supplemented by additional bank financing, made possible additional investments in the real estate portfolio of EUR 91.20 million, bringing its total value to EUR 837.12 million. The number of retail properties in the portfolio increased over the past financial year by 33, to 554 buildings. In this, our presence was selectively strengthened at the periphery of the large Belgian central cities.

Operationally, the past financial year again ended with good results. The occupancy rate continues to be above 98% (98.78% on 31 March 2015) for the 17th year in a row, with no unpleasant surprises noted in the revenue or expenditure sides. In the revaluation of the real estate portfolio on 31 March 2015, our property experts determined gains at several of our top locations due to a decrease in the yield in the trading of such properties in real estate transactions. This increase in value is no longer supported by an increase in rent due to the elimination of rent indexation, but by increased demand for peripheral retail real estate as an investment product. The disappearance of an attractive return on financial products in the investment market is partially behind this.

The focus on major maintenance and the optimisation of our retail parks continues unabated. At places where it makes sense, shops are rebuilt, enlarged and redistributed according to the expectations of our tenants. This is first of all a "win-win" situation that aims to allow the retailer to improve its sales, and the landlord to increase its rental income and safeguard it for the long term. The strong growth of the internet as a sales and information channel is encouraging more retailers than ever to innovate. In addition to a shift in sales, the internet has brought with it a revolution in other drivers of shopping. The flood of information that is now available to consumers obliges traders to better arm themselves. Their websites have been brought to the sales points and have grown into a means of communication. Inventory management no longer only takes place inside the shop walls; stock present in the distribution centre of the company or its suppliers is now available in real-time and indeed is sold without it needing to be present in the shop. Those who succeed in integrating the capabilities of the internet into their shop model can convert the threat of revenue loss posed by e-commerce into a boost in sales.

The proposed dividend for the financial year 2014-2015 that we will present for your approval at the next shareholders' meeting amounts to EUR 3.10 gross (EUR 2.325 net) and represents an increase of more than 3%

compared to last year's dividend, which is significantly more than the very low inflation we experienced during the same period. Retail Estates will thus distribute 81.15% of its current profit, and invest the balance of the undistributed profit in the growth of the company.

The new financial year 2015-2016 began with concerns about the evolution of consumer confidence and the consequences for our tenants. The impact of the regionalisation of the Belgian trade establishment act was also eagerly awaited. Both the Brussels Capital and the Walloon regions replaced the former federal law (the so-called "Ikea Act") with regional laws whose terms and conditions vary. The question is how the regional governments, whose political composition varies, will deal with this new legislation.

We trust that a reading of our annual report will renew your confidence in our company. Together with our 17 employees, our board of directors focused on achieving "sustainable growth" that will optimally benefit your investment. While we are not investing in a risk-free environment, we do make use of our knowledge and experience to reduce the risks. This concerns in the first place our attention to our customers and the consumers that allow them to achieve their sales. Not coincidentally, we choose as slogan for the annual report "In retail we trust", since this refers to the essence of our company.

Ternat, 29 May 2015

Paul Borghgraef	Jan De Nys
Chairman of the board of directors	Managing director

Management report

"Retail Estates is a leading market player thanks to a portfolio that has been built up in a consistent manner, based on its market knowledge."

Retail park Frunpark, Wetteren

“

STRENGTHENING THE QUALITY

In recent years, Retail Estates has focused on continuously strengthening the quality of its properties and on expanding its real estate portfolio, thus ensuring consistent growth in the long term thanks to location, quality and diversification of tenants.

In the short term, this objective is pursued through the constant monitoring of the occupancy rate of the portfolio, the rental income and the costs of maintenance and management.

Management report

1. Strategy- investment in peripheral retail properties

Goal – investment in representative portfolio peripheral retail properties

Retail Estates nv is a public regulated real estate company (“RREC” – ‘Belgian REIT’) and more specifically a niche company that specialises in investing in out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres available to users. Retail Estates nv buys these properties from third parties or builds and markets retail buildings for its own account. The buildings have useful areas ranging between 500m2 and 3,000m2. A typical retail property has an average area of 1,000m2.

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

In the short term, the above-mentioned goal is pursued by continuously monitoring the occupancy level of the portfolio, the rental income, and the maintenance and management costs.

The selective purchase and construction of shops at particular locations (so-called ‘clusters’) are aimed at simplifying the management and boosting the value of the portfolio. Retail Estates nv has currently identified 41 clusters, in which it is systematically increasing its investments. These represent 68.63% of its portfolio. The clusters are spread all over Belgium.

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

In principle, Retail Estates nv rents its properties in a structural (i.e. shell) state, 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.

Most of its tenants are well-known retail chains, such as Brantano, Blokker, Carpetright, Krëfel, Orchestra, and so on.

As of the end of March 2015, Retail Estates nv has 554 premises in its portfolio. The retail lettable area amounts to 611,076m², while the occupancy rate measured in rented square metres is 98.78%.

A total of 32,496m² 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 2015, the fair value of the property portfolio of Retail Estates nv and its subsidiaries is estimated by the independent property experts at EUR 837.12 million (excluding transaction costs of 2.50%) and the investment value at EUR 857.86 million (including transaction costs).

Retail Estates nv has invested a total of EUR 15.08 million in “Distri-Land” real estate certificates. It currently holds 85.37% of the issued “Distri-Land” real estate certificates. The issuer of these real estate certificates owns 12 retail properties with a fair value of EUR 19.08 million. Retail Estates nv has built up its shareholding stake on the one hand through a successful public

exchange bid in December 2003, and on the other hand through purchases on the stock market. Retail Estates nv views its stake in this real estate certificate as a strategic one. The company records the value of these certificates as a real estate investment and recognises income from this certificate as rental income. Given that Retail Estates nv does not hold shares in Immobilière Distri-Land nv (the issuer of the certificates), this company is not consolidated.

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 the 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.

Rental level 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 levels. Experience shows that the excessive rents charged by certain project developers produce a high level of rotation when sales do not rapidly meet the retailers' expectations.

Geographical distribution

Retail Estates nv spreads its investments over all major centres across Belgium. In practice, however, it hardly ever invests in the Brussels Region, due to the extremely low supply of out-of-town premises there. As a result, the public RREC prefers to concentrate its investments in Flanders and Wallonia and especially in sub-regions with strong purchasing power (mainly the Brussels – Ghent – Antwerp triangle, and the "green axis" of Brussels – Namur – Luxembourg).

Development and redevelopment of property for our own account

Retail Estates nv has significant experience in developing new shops for its tenants for its own account. Experience shows that such developments offer architecturally attractive retail properties which generate a higher initial income than shops offered on the investment market. The importance of redeveloping peripheral shopping clusters into large groups of modern, connected retail properties is increasing by the year. Such redevelopments generally allow one to increase the amount of lettable area and to better align the premises with the tenant's 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 various sectors limits the risks attached to negative economic developments.

2. An investment through the public regulated real estate company Retail Estates nv

Since 24 October 2014, Retail Estates nv is a public regulated real estate company. In its capacity of public RREC – and with a view to maintaining this status – the company is subject to the regulations of the RREC legislation, which contains restrictions relative to (among others) the activities, the debt ratio and the result affectation. 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, thereby ensuring that the result available for distribution is higher than for real estate companies that do not enjoy this status. Retail Estates nv, as a public RREC, 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 peripheral retail properties have, over the years, become more attractive, owning to a stricter permit policy adopted by the government, a very limited supply of high-quality shop locations, and the 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 peripheral retail property market. This influence, as well as the tendency to further institutionalise the investment market for peripheral retail properties, not only explains the rise in rents, but also the increase in the fair value of this property in the longer term. Moreover, several tenants of the company incorporated the benefits of distance selling – by means of mail order companies or by online selling – in their retail concept. This tendency even extends to the points of sale, which is beneficial for these companies' market position.

With the share of Retail Estates nv, each shareholder has an investment instrument which can be traded freely and cashed in at any time via Euronext. The shares of Retail Estates nv are entirely held by the public and a number of institutional investors. On 31 March 2015, 44.64% of the institutional shareholders have 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 on page 34 of this annual report).

In the Euronext pricing lists, which are published in the daily press and on the Euronext website, shareholders can follow the evolution of their investments at all times. The company also has a website (www.retailestates.com) with relevant shareholder information.

The net asset value (NAV) of the share forms 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 (fair value), including the dividend of EUR 3.10, amounts to EUR 50.43 on 31 March 2015. This is an increase of 3.13% (EUR 48.90 in the previous year). On 31 March 2015, the stock market price of the share is EUR 76.64, representing a premium of 51.97%.

The NAV (fair value, including dividend, but excluding the value of the financial instruments) was EUR 53.68 in the year under review compared to EUR 52.18 in the previous year. This increase is due to the positive variations in the value of the real estate investments, and the result of the financial year. Compared to the previous financial year, the number of shares of Retail Estates nv increased by 269,062. Hence, there is no dilution of the NAV per share.

3. Significant events in the past financial year (01/04/2014-31/03/2015)

Investments – retail parks

Beringen (Mijn Retail sa)

On **10 April 2014**, Retail Estates nv and be-MINE nv concluded a cooperation agreement for the development of a retail park, with a gross built-up surface of 18,000m². On 27 May 2014, the partners established a special purpose company "Mijn Retail nv".

In early January 2015 the contract for the work was awarded to the temporary trade association Van Roey-Democo. Building construction began on 18 March 2015. Completion of the first phase is planned for 30 June 2015. The second phase is scheduled to end in August 2015, so that the first shops should be able to open by 1 October this year. 90% of the park's total surface area has been completed in the meantime. The following retailers will rent a property at the Beringen site: Brico, Albert Heijn, AVA Papierwaren, Vanden Borre, Lola&Liza, Bent, ZEB, Maxi Zoo, Chaussea, Bel&Bo and H&M. At the moment of the acquisition of the remaining Mijn Retail nv's shares, the investment value of the properties will amount to approximately EUR 29 million, and the retail park will generate an expected annual gross rental income of EUR 1.85 million. On 31 March 2015, a total of EUR 3.26 million had been invested in the construction of these retail properties. The total investment will consist of the works carried out plus the settlement of the variable price with respect to the Mijn Retail shares. The investments related to work yet to be completed are estimated at EUR 8.41 million, and the variable price depends on the evolution in leases.

Erembodegem (extension and transformation distribution centre)

On **1 June 2014**, the extension and transformation of the distribution centre of Brantano nv in Erembodegem, was delivered. The additional investment realised by Retail Estates nv amounts to EUR 5.08 million. For the renewed site, a lease agreement for a new, fixed term of 10 years was concluded, at an annual rental price of EUR 1.12 million.

Wetteren (Frun Park Wetteren nv) – Oudenaarde (Gentpoort nv)

On **14 July 2014**, Retail Estates nv acquired the exclusive control of the companies Frun Park Wetteren nv and Gentpoort nv. These companies own retail parks situated respectively in Wetteren and Oudenaarde.

Since its opening in 2008, the retail park in Wetteren is a well-known, frequently visited location in the region between Ghent and Alost and owes this to its strategic position on the intersection Gentsesteenweg – Oosterzelesteenweg, in the immediate proximity of the E40 highway's exit 'Wetteren'. The retail park consists of 14 retail properties with a total area of 10,423m² and generates an annual gross rental income of EUR 1.30 million. All retail properties are leased. It is a typical "out-of-town" location, with non-food retailers with a large area of coverage.

The retail park in Oudenaarde is situated in the outskirts of the city Oudenaarde, on a former industrial site. It is an example of an "edge-of-town" location, aiming at a local, urban area of coverage. This park's retailers focus on the daily needs of the consumer. The most important tenants are Albert Heijn, Kruidvat, Blokker and C&A. The retail park consists of 10 retail properties with a total area of 7,963m² and generates an annual gross rental income of EUR 0.67 million.

Acquisition 14 retail properties

On **14 October 2014**, Retail Estates nv entered into a framework agreement with Orchestra-Prémaman Belgium nv with a view to acquiring the ownership of 14 retail properties for an investment value of EUR 34.59 million and an expected rental income of EUR 2.18 million. This transaction is two-fold: (i) the purchase of 8 retail properties and (ii) the contribution in kind of 6 retail properties.

In execution of the first part of the transaction, 7 retail properties were purchased on 29 October 2014. This acquisition represents an investment of EUR 12.95 million.

On 28 November 2014, the second part of the transaction has been completed partially by transferring 5 retail properties as part of a capital increase by means of a contribution in kind. For this contribution in kind the board of directors of Retail Estates nv issued 269,062 new shares, within the framework of powers granted to it regarding the authorised capital. The total investment value for these five properties amounts to EUR 14.80 million and represents a capital increase of EUR 6.05 million (the balance, EUR 8.74 million, is assigned to the balance sheet item "issue premium").

Regarding 12 of the 14 retail properties to acquire, the transaction is thus executed in accordance with the framework agreement of 14 October 2014, as announced in the press release of 15 October 2014. Two retail properties are not yet acquired due to obligations relative to the OVAM regulation, which are not yet fulfilled. In expectation of this fulfilment, the transfer of these properties has been postponed.

Wilrijk (acquisition retail property)

On **27 October 2014**, Retail Estates nv acquired a retail property in Wilrijk, along the Boomsesteenweg, for a total investment of EUR 4.24 million. This property is let at an annual rental price of EUR 0.26 million and is used as a retail subsidiary with the brand name GAMMA (DIY).

Marche-en-Famenne (acquisition balance co-ownership)

On **30 January 2015**, the 25% balance of the co-ownership of a retail property, let to H&M, part of the retail park 'Espace de la Famenne' in Marche-en-Famenne, was acquired, for EUR 0.52 million. The additional annual rental income amounts to EUR 0.09 million.

Jemappes (acquisition retail complex)

On **24 February 2015** a retail complex of three retail properties, situated in Jemappes, were acquired for EUR 4.50 million. The properties are let to e5 mode, Chaussea and Basic Fit. The annual rental income amounts to EUR 0.33 million.

Hoboken (acquisition retail property)

On **3 March 2015**, a ca. 1,450m² retail property in Hoboken, let to Gamma, was acquired for EUR 1.90 million. The annual rental income amounts to EUR 0.14 million.

Bruges (acquisition piece of land)

On **26 March 2015**, Retail Estates nv acquired the piece of land at Bruges, Veemarktstraat 3, onto which the company had already obtained a leasehold estate in the past. In the context of this leasehold, the retail park V-Mart with 10 retail properties, was built. The leasehold, with a 36 year duration, had started on 5 July 2011. By notarial deed on 26 March 2015, Retail Estates nv became owner of the freehold, and thus full owner. The acquisition was realised by means of an investment of EUR 3.23 million.

The above-mentioned acquisitions are all-in line with the fair value of the concerned retail properties or retail parks.

Real estate portfolio optimisation

Retail Estates nv pays close attention to the changing needs of its tenants with respect to retail area. Several tenants are systematically expanding their product range and regularly request an expansion of their shop. This can take place through the acquisition of space from adjacent tenants who sometimes have too much, or by constructing a new addition to the property. Sometimes a choice is even made for a combination of both. A recent example is the expansion of the Aldi shop in Aiseau-Presles, in the outskirts of Charleroi. The original space was first expanded by 242m² that was recuperated from the neighbouring retail space of an Eldi point of sale, and then by 121m² of new construction. This renovation made it possible for Aldi to add a wider range of non-food products and a new bakery department to its original, outdated and small shop.

Renovations sometimes include more than just an expansion of the retail area; Retail Estates nv makes regular use of renovation opportunities to also demolish a shop façade and replace it with a contemporary version that better fits the tenant's image. Thus, in the past financial year, the building in Kortrijk shared by Giks Mode and Torfs was expanded and received a new façade. This investment is in line with the facelift undergone by the adjacent shopping centre, and helps our tenants better present themselves to the consumer.

Such investments allow us to build "win-win" relationships with tenants. Available land is put to work, and revenue growth allows the tenant to pay the rent increase.

Divestments

On 4 April 2014, the Luxembourgian company Belgium Retail 1 Luxembourg sàrl was sold, for an amount of EUR 8.22 million. On the buildings in this company, a net added value of EUR 0.19 million was realised (after deduction of the real estate agent's fees).

In the past financial year, 9 retail properties were sold, for a net selling price of EUR 8.08 million. On these premises, a net added value of EUR 0.29 million was realised.

The buildings sold are located in Genval (1 property, 420m²), Wanze (1 property, 1,000m²), Tienen (1 property, 1,368m²), Gosselies (1 property, 1,384m²), Maasmechelen (1 property, 870m²), Huy (2 properties, 1,500m²) and Bilzen (2 properties, 750m²). At the time of the sale, the fair value of these properties was EUR 7.79 million.

These sales are part of an annual reoccurring sales programme concerning individual retail properties that, due to their location or retail size and/or the business activity practiced therein, do not fit within the core portfolio of Retail Estates nv.

Investments: conclusion

The purchases and own developments in the financial year 2014-2015, decreased by divestments, resulted in a real estate portfolio increase of EUR 84.75 million. As a result of these investments, the total rental income in the financial year 2014-2015 rose by EUR 2.17 million. If the acquisitions had occurred on 1 April 2014, the rental income would have increased by EUR 4.39 million.

The investments are financed by a mix of equity capital (issue of new shares by contribution in kind or in the capital market) and debt (financing of working capital by the banks, a bond issue,...). The ratio of debt/equity used in new investments is between 50% and 55%, thus within the debt level limits set by the board of directors.

Management of the real estate portfolio

Occupancy rate

The occupancy rate of the real estate portfolio of Retail Estates nv is 98.78%.

It goes without saying that the occupancy rate has to be viewed as a 'snapshot' taken at a particular point in time, and, thus, concealing a series of changes which occurred over the previous financial year. It does not offer any guarantee for the future, given that the imperative legislation governing commercial leases provides for a triennial termination option for all tenants.

Rental income

During the past financial year, 3 smaller tenants filed for bankruptcy. For the non-recoverable receivables the necessary provisions were calculated.

At the end of this financial year, outstanding trade receivables amount to EUR 0.76 million. A total of EUR 0.13 million concerns the revolving fund and the reserve fund. Given the guarantees received – both rental guarantees and the requested bank guarantees – the credit risk on the trade receivables is limited to around 41% (EUR 0.31 million) of the outstanding amount on 31 March 2015.

Damage claims

In the past financial year, Retail Estates nv was victim of an act of vandalism in its retail park Crescend'Eau in Verviers. The property completely burnt out and was rebuilt. The damages amounted to EUR 0.43 million and were compensated for by the insurance company.

Private placement of bonds

On **2 April 2014**, Retail Estates nv proceeded to a private placement of bonds for a total amount of EUR 30 million. The bonds have a 7-year term and are due in 2021. They represent a fixed annual gross yield of 3.566%. The bonds were placed with institutional investors. The net proceeds of the bond issue have been used for the further growth of the portfolio and have contributed to the diversification of the financial resources. The bonds also contribute to the increase of the average maturity of the total debt and to the decrease of the average interest rate.

Capital increase by board of directors (within the framework of the authorised capital):

Capital increase through contribution in kind

On **28 November 2014**, the second part of the transaction with Orchestra-Prémaman Belgium nv was executed. Five retail properties were transferred as part of a capital increase by means of a contribution in kind. For this contribution in kind, the board of directors of Retail Estates nv issued 269,062 new shares within the powers granted to it with regard to the authorised capital. The total contribution value of these five retail properties amounts to EUR 14.80 million and represents a capital increase of EUR 6.05 million (the balance, EUR 8.74 million, is assigned to the balance sheet item "issue premium"). The issue price of the shares was determined contractually at EUR 55 per share. After this capital increase, the capital amounts to EUR 170.09 million, represented by 7,559,473 shares.

Merger by absorption of subsidiaries

On 26 September 2014, the board of directors of Retail Estates nv established the merger by absorption of the companies SDW Invest bvba and Ducova bvba, with effect on respectively **30 September 2014** and **31 October 2014.**

On 27 February 2015, the board of directors of Retail Estates nv established the merger by absorption of the companies Erpent Invest nv and Poperinge Invest nv, with effect on **28 February 2015**.

On 4 March 2015, the merger proposal regarding the merger by absorption of the company Gentpoort nv with the company Frun Park Wetteren nv, was submitted.

The mergers of these subsidiaries facilitate the administrative management and lead to a decrease of the taxable income of Retail Estates nv's subsidiaries.

Events after the balance sheet date

Potential acquisition real estate companies

On 24 April 2015, Retail Estates nv concluded a contract with a view to acquiring the control of four real estate companies. These four real estate companies own, in total, 81 retail properties situated in Belgium, within the niche sector of peripheral retail properties. The properties have an investment value of EUR 129 million (which is in line with the value as determined by the real estate expert) and an expected rental income of EUR 7.94 million. The total net surface of the retail properties amounts to 75,049m², 4,250m² of which are vacant buildings intended to be redeveloped.

The acquisition contract contains one important condition precedent and the realisation of this condition depends on the attitude of a commercial, independent third party. It is not possible to anticipate this attitude. In case of non-realisation before 30 June 2015, the

agreement lapses (subject to the parties renouncing the condition precedent). As soon as the result is known, this will be communicated in a press release.

If the transaction proceeds, Retail Estates nv disposes of confirmed credit lines to finance this transaction.

Capital increase within the framework of the authorised capital

On 5 May 2015, the board of directors of Retail Estates nv decided on a capital increase of up to EUR 76,224,676 through the issuance of up to 1,259,912 new shares at a subscription price of EUR 60.50 per share. The shares will participate in the result from 1 April 2015, this being the start of the current financial year 2015-2016. Barring unforeseen circumstances, the board of directors forecasts a gross dividend of EUR 3.20 for the financial year 2015-2016. This is a capital increase within the framework of the authorised capital, with preferential subscription right for the shareholders of Retail Estates nv.

The company regularly turns to the financial markets to increase its capital. The proceeds will be invested in the growth of the real estate portfolio and reducing debt. The capital increase offers an additional investment potential of approximately EUR 152 million if the proceeds from the capital increase are supplemented with a similar amount of bank financing.

During the subscription period with preferential subscription rights, closed on 21 May 2015, 1,113,317 new shares have been subscribed, being 88.36% of the new shares. The 878,538 non-exercised preferential subscription rights have been sold on 26 May 2015 in an accelerated private placement to investors, as described in the prospectus. Investors acquiring the scrips irrevocably undertook themselves to subscribe 146,423 new shares, at the same subscription price and in accordance with the same subscription rate, i.e. one new share at EUR 60.50 for six scrips. The gross proceeds of the operation amounts to EUR 76,214,270.

Completion framework agreement

On 20 May 2015, Retail Estates nv acquired the exclusive control of Fimitobel nv, owner of the retail property in Aalst, part of the above-mentioned framework agreement concluded with Orchestra-Prémaman Belgium nv. The investment value of this property amounts to EUR 1.91 million and it will generate an annual gross rental income of EUR 0.13 million.

At present, the soil investigation regarding the property in Aalst has not been completed. In this situation, Retail Estates nv is unable to express its view on the acquisition of this property, given the identified soil pollution.

4. Corporate governance declaration

This declaration is given by way of application of the provisions of the Belgian Corporate Governance Code 2009 and the law of 6 April 2010 amending the Belgian Companies Code.

Retail Estates nv applies the Code of 12 March 2009 as its reference code (hereinafter referred to as "the Code").

On 5 May 2015, an adjusted version of the Corporate Governance Charter – taking into account the relevant recent developments – was approved by the board of directors. The Charter can be found at the website: www.retailestates.com.

Remuneration report

Introduction and context

Retail Estates nv has prepared a remuneration report with regard to the remuneration policy for its directors. Retail Estates nv does not have a management committee ('directiecomité'/'comité de direction'). The board of directors has 7 non-executive and 2 executive directors, i.e. the executive chairman and the managing director 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 Companies Code and was approved by the board of directors of 27 May 2015.

It will be submitted to the annual shareholders' meeting of 3 July 2015 which is to approve or disapprove the report by a separate vote.

Remuneration policy

Principle

The remuneration policy of Retail Estates nv is prepared in such a way that it takes into account a 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. Moreover, this remuneration must also be proportionate to the responsibilities associated with the capacity of a director in a listed company. On the other hand, the expectations of the shareholders must also be met.

The remuneration and nomination committee analyses the applied remuneration policy on a yearly basis and assesses whether an adjustment needs to be made and makes the necessary recommendations to the board of directors, which in turn must propose their recommendations to the shareholders' meeting.

Internal procedure – financial year 2014-2015

The remuneration committee met twice over the past financial year to verify and adjust where necessary the remuneration budgets of the directors individually and the personnel budget in its entirety, in accordance with the responsibilities of the persons in question and the medium and long-term objectives that the board of directors has established 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. In addition, the remuneration committee has defined, analysed and established the objectives for the level of the managing director's variable remuneration and the procedure for the realisation of the underlying objectives for the financial years 2014-2015 and 2015-2016.

In view of the foregoing, a limited benchmarking was carried out with executive director positions of comparable listed real estate companies.

A similar analysis and benchmarking is carried out every three years for the non-executive directors.

Remuneration of the directors

Executive directors

1. In the course of the financial year 2014-2015, the following remuneration (in EUR) was awarded to the managing director:

Jan De Nys - managing director	2014-2015
Fixed remuneration	205,000
Variable remuneration	60,000
Premiums group insurance	35,000
TOTAL	300,000

2. The remuneration of the position of managing director, assumed 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 terms of establishing and developing the company. It further relies on the foundation of his experience 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 peripheral 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, and is based on a proposal made by the remuneration committee. This allowance shall not exceed 25% of the fixed remuneration. It is linked to the achievement of a number of qualitative and quantitative criteria for which for the financial year 2014-2015 concerned the following:

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

- Portfolio management (weighting 25%):
  Collection management and occupancy level;

- Real estate portfolio optimisation (weighting 25%):
  Develop “clusters”, improvement works and expansion of retail premises with a long-term focus, growth of rental value, updating of buildings and environmental elements;

- Implementation strategic objectives (weighting 10%):
  Buy and sell assets, growth of the company;

- Management skills (weighting 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 provisions of the Belgian Civil Code governing undue payments apply in full force.

The agreement relating to the managing director provides a notice period of eighteen months in the event of termination by Retail Estates nv. Any termination compensation which is paid if the public RREC waives performance during notice period, shall be calculated in accordance with the fixed remuneration and the annual premiums for group insurance policies. The notice period was approved, in accordance with legal provisions, by the board of directors upon the recommendation of the remuneration committee, and taking into account the contributions by the managing director 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 disability (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 disability. He shall subsequently receive a disability pension, guaranteed by an insurance company, which is equal to 75% of the fixed remuneration.

No stock options are provided, nor any other benefits, except a computer and a mobile phone.

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

The fixed remuneration was set at EUR 60,000, considering that Mr. Paul Borghgraef as executive

chairman, together with the managing director, is one of the two leading managers in the company, and in this capacity holds a part-time executive position. A variable remuneration and other benefits or severance payment are not provided.

4. Total remuneration of the executive directors

Executive directors were awarded a total remuneration of EUR 360,000 in the financial year 2014-2015. Except for the above-mentioned remuneration, Messrs. Paul Borghgraef and Jan De Nys do not receive a separate remuneration for the exercise of their director’s mandate.

Non-executive directors

The non-executive directors receive on the one hand a fixed annual remuneration of EUR 6,000. On the other hand, they receive attendance fees amounting to EUR 1,500 per meeting for attending meetings of the board of directors and its committee(s).

The 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 non-executive directors in 2014-2015:

	Annual fixed remuneration (EUR)	Performance-related (EUR)	TOTAL (EUR)
	Board of directors /committee		
Jean-Louis Appelmans	6,000	7,500	13,500
Hubert De Peuter	6,000	7,500	13,500
Vic Ragoen	6,000	7,500	13,500
Jean Sterbelle	6,000	6,000	12,000
Marc Tinant	6,000	10,500	16,500
Richard Van Besauw	6,000	9,000	15,000
Christophe Demain	6,000	4,500	10,500
Francis Vroman (until 21/04/2015)	6,000	1,500	7,500
TOTAL non-executive directors	48,000	54,000	102,000

Indemnification and insurance of directors

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

Future developments

The board of directors, upon the recommendation of the remuneration committee, does not intend to make significant changes to the remuneration policy. This applies to both the executive and non-executive directors and for the financial years 2015-2016 and 2016-2017.

Corporate governance code (2009 version)

Retail Estates nv seeks to comply as much as possible with the provisions of the Corporate Governance Code. There are, however, deviations in several areas. Following the Code's "comply or explain" principle, it is authorised to consider the relatively small size and the own characteristics of the company.

Deviations from principle 1:

Item 1.5. The chairman of the board of directors and the managing director of the company are not the same person, however, in accordance with Article 14 of the RREC Law, Retail Estates nv is obliged to assign the effective management to, at least, 2 persons. In the case of Retail Estates nv, the effective managers are the chairman of the board of directors and the managing director.

Deviations from principle 2:

Item 2.9. The board of directors has not yet appointed a company secretary, since the company's CFO is always present at the board of directors' meetings and is responsible for preparing the minutes.

Deviations from principle 3:

Item 3.5. In view of the company's activities, and particularly considering the fact that negotiating and entering into 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 to which a non-executive director is connected – between the company and its non-executive directors could possibly fall under the conflict of interests regulation ('significant commercial relationships').

There could be a matter of significant commercial relationships with the company New Vanden Borre nv (14 retail properties) in which Mr. Vic Ragoen held the function of managing director until 31 January 2015. Since 1 February 2015, Mr. Vic Ragoen has no longer operational responsibilities in this company, but he still acts as advisor. The retail properties leased by this company, however, are usually the subject of long-term rental agreements, often concluded with external promoters prior to their acquisition by Retail Estates nv. The board of directors particularly values the presence of this former director of a rapidly expanding company. His experience of changing market conditions and the development potential of various locations offers considerable added value to Retail Estates nv when making investments decisions. The commercial lease legislation, which is mainly compulsory legislation, provides an adequate frame of reference for solving day-to-day problems that arise in relation to this company being tenant. In addition, Retail Estates nv also lets a considerable number of properties to competitors of New Vanden Borre nv. Transactions between the company and Retail Estates nv take place at conventional market conditions.

Deviations from principle 4:

Item 4.5. Mr. Hubert De Peuter has more than five mandates in companies issuing real estate certificates. Besides his Retail Estates nv's mandate, Mr. De Peuter is also director at the issuing companies of 9 listed real estate certificates, as well as one other public regulated real estate company.

Item 4.6. The recommended 4-year mandate for directors is viewed as too short, given the complexity of the type of property in which Retail Estates nv specialises. As a result, all mandates last for 6 years.

Deviations from principle 5:

Item 5.2. The responsibilities of the audit committee are assumed by the entire board of directors. No separate audit committee has been set up. This is in line with the legal provisions concerning the founding and functioning of an audit committee. Since Retail Estates nv satisfies the statutory requirements needed to assign this task to the board of directors as a body, the company is convinced that this approach is best suited for a company such as Retail Estates nv. If the company were to no longer meet the conditions for having the audit committee tasks performed by the board, it will take the necessary steps to set up an audit committee within the board of directors in the sense of Article 526bis of the Belgian Companies Code.

Shareholding structure

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

	% at date of registration[1]	Pro forma % at 31.03.2015[2]
Stichting Administratiekantoor 'Het Torentje' group and Leasinvest, acting in mutual consultation	10.03%	10.11%
FPIM nv (Belfius Insurance)	9.76%	9.76%
KBC Group nv	9.85%	8.86%
AXA nv	7.01%	7.22%
Federale Verzekering	7.99%	5.28%
General public	55.36%	58.77%

1 On the basis of the denominator at the time of registration.
2 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 31.03.2015 (7,559,473 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%.

Retail Estates nv is not aware of any lock-up commitment concluded by any of the above-mentioned shareholders with respect to the totality, or a part, of their shareholdings.

The transparency declarations received are available for consultation on the company's website www.retailestates.com (under Investor Relations / The Share / Shareholding structure and notifications).

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 improving the functioning of the enterprise;
- reliability and integrity of information;
- compliance with policies, procedures, laws and regulations.

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

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;
- the existence of a code of conduct, 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 detailed human resource policy with rules for recruiting staff, periodic performance evaluation and the setting of annual goals;
- monitoring of procedures and formalisation of processes.

The board of directors regularly reviews the company's exposure to risks, the financial impact of these risks, and the actions to be undertaken to monitor these potential risks, to avoid the risks to happen and/or, as the case may be, to limit the impact of these risks.

In particular, the company elaborated 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), and 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 to the CEO.
- As part of his responsibility for the day-to-day management of the company the CEO regularly discusses the financial reporting with the CFO.
- The board of directors has detailed quarterly question and discussion sessions with the CEO and CFO, and oversees the proper application of the valuation rules.

The chairman of the board of directors, the CEO and the CFO discuss in detail the principal strategic, operational and financial issues on a fortnightly basis.

Other factors also play a role in the company's control environment:

- As a listed company (and as a public RREC), Retail Estates nv falls under the supervision of the Financial Services and Markets Authority (FSMA), which also undertakes a specific review of the financial information. All published financial information is controlled (in advance or post facto) by the FSMA.
- The real estate expert also plays an important role: the entire real estate portfolio (which makes 99.35% of the balance sheet total) is valued by two internationally recognised independent real estate experts (Cushman & Wakefield and CBRE), each one evaluating one part of the real estate portfolio.

Risk analysis

Regular management and operational meetings serve to address issues in need of followed up, in order to ensure 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 as preconceived 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 serves to track 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

Every quarter, a financial report is drawn up which contains the analyses of the figures, key performance indicators, the impact of purchases and sales on budgets, cash flow positions, etc.

Every quarter, an operational report is also drawn up in which the key performance indicators relating to the real estate department are included.

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, also disclosed 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 provided properly with all necessary 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, the management provides the board of directors (also assuming the tasks of "audit committee") with a comprehensive report on the financial statements, with a comparison of annual figures, budget and explanations for any deviations.

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

Appropriate risk management policy

The main risks the company faces relate to (i) the market value of the property, (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) permit-technical 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 assess, control and monitor their consequences. This is the role of the risk manager.

Integrity policy

The integrity policy (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, professional secrecy, etc.

The effective management examines on a regular basis which other areas and activities should fall under the scope of the compliance function. The "independent compliance function" is treated as an independent function within an organisation, and 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

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 trade in financial instruments issued by Retail Estates nv. The rules of the Dealing Code were harmonised with the Belgian Royal Decree of 5 March 2006 on market abuse. The company's Dealing Code constitutes an integral part of the Corporate Governance Charter and can be consulted (separately) on the company website.

The Dealing Code among others concerns the disclosure of information relevant to such transactions and stipulates among others:

- restrictions on the execution of transactions in financial instruments of the company during specific periods before 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 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.

Conflicts of interest and incompatibility of mandates

Reference is made to the passage listed under 'Handling conflicts of interest' on page 45 of this 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 which 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 confidential information for improper purposes during the course of their duties.

Political activities
In pursing legitimate commercial objectives, Retail Estates nv acts in a socially responsible manner according to 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 minimise their impact, if any, and assess, control and monitor their consequences. This is the role of the risk manager.

The risk manager is appointed for a 3-year term.

Independent compliance function
The board of directors has appointed Mr. Paul Borghgraef as compliance officer. He is also effective manager and chairman of the board of directors. He is responsible in particular 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 2015 annual 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 analyses the quality and efficiency of existing procedures and methods of internal control.

The internal auditor will present his findings yearly.

The internal audit function is performed by an external consultant, in this case VMB, represented by Mr. Luc Martens. This function is performed under the supervision and responsibility of the CFO of the company, who has the necessary professional integrity and appropriate expertise.

Internal control functions within Retail Warehousing Invest nv

Taking into account the principle of proportionality, the internal audit functions as described above are exercised by the same people at the level of Retail Warehousing Invest nv (the subsidiary of Retail Estates nv with the status of institutional regulated real estate company).

Mutatis mutandis (and insofar as relevant), these functions may be implemented at the level of Retail Warehousing Invest nv according to the same policy as Retail Estates nv.

5. Management of the company

Composition

On 31 March 2015, the board of directors of Retail Estates nv consists of 9 directors: 7 non-executive directors and 2 executive directors, being the managing director and the chairman. Notwithstanding the provisions of the Code, the terms of office of all directors were renewed at the 29 June 2009 annual shareholders' meeting for a new, 6-year term, until the shareholders' meeting of 2015.

Out of the 9 directors, 3 directors (Messrs. Tinant, Ragoen and Van Besauw) qualify as being independent, pursuant to Article 526ter of the Belgian Companies Code. These directors also meet the criteria of independence set out in annexe A to the Code. The independent directors strictly comply with the following criteria of independence:

- not to be a salaried employee, manager, executive committee member, managing director, executive director or member of the executive personnel of Retail Estates nv, or an affiliated company, and not having occupied a similar position during the five years preceding their appointment;
- not to receive, or have received in the past, from Retail Estates nv or a related enterprise, any remuneration or significant financial benefits other than those associated with their mandates;
- not to be a dominant shareholder or having a shareholding stake of more than 10% in Retail Estates nv – either alone or jointly with a company controlled by the director – or be a director or member of the managerial personnel of such a shareholder, or represent it. Directors with a shareholding stake of less than 10% may not subject the acts of disposal relating to their shares, or exercise the 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;
- not to have, or to have had during the preceding year, or to expect to have in the future, a significant commercial relationship with Retail Estates nv or with a related enterprise, 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;
- not to be, and not to have been during the past three years, a partner or salaried employee of the present or a former external company auditor of Retail Estates nv or a related company;
- not to be 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;
- not to have other significant links with the executive directors of Retail Estates nv by virtue of an involvement in other enterprises or bodies;
- not to have held more than three terms of office as a non-executive director within Retail Estates nv, with an overall limit of 12 years;
- not to be a close relative of a managerial employee, a member of the executive committee, or a person who is covered by one of the above-mentioned situations.

The composition of the board of directors intends to ensure that the decisions taken are in the interests of the company. The composition of the board of directors is determined on the basis of diversity in general, as well as on the basis of 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 an RREC in particular. Therefore, 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, it is intended that the number of board members will be restricted to a maximum of 12.

A number of reference shareholders are represented by Messrs. Borghgraef and De Peuter (on behalf of the KBC Group), Mr. Appelmans (on behalf of Het Torentje (Leasinvest)), Mr. Sterbelle (on behalf of AXA) and Mr. Demain (on behalf of the Belfius-group).

Mssrs. De Nys, Borghgraef, Tinant et Van Besauw have declared that they hold shares in the company for their personal account.

For a brief overview of the composition of the board of directors of Retail Estates nv, the reader is referred to the discussion of directors' remuneration on page 30. With reference to the law of 28 July 2011, the board of directors will strive to ensure a larger representation of women in the board of directors.

Functioning of the board of directors

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

The board of directors prepares the annual and interim financial statements and the annual report of the company for the shareholders' meeting. The board of directors also approves merger and split 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 who presents a quarterly financial and operational report.

The board of directors met six times during 2014-2015. The remuneration committee met twice.

The board of directors may validly deliberate and resolve only 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 validly deliberate and resolve on the agenda items of the previous meeting, providing that at least two directors are present or represented. Every resolution of the board of directors is adopted by an absolute majority of the votes cast of directors that are present or represented, and, in the event of abstention of one or more of them, by the majority of the other directors. In the event of a tie, the director chairing the meeting has the casting vote. In exceptional cases, pursuant to Article 521 of the Belgian Companies Code, resolutions of the board of directors may be adopted by unanimous written agreement by the directors, whenever the urgency of the matter and the interest of Retail Estates nv so require. This procedure, however, may not be applied for the drawing up of the annual accounts, or the use of the authorised capital.

In addition to its legal mandate, the board of directors, bearing in mind the company's interests, also determines the strategy and outlines the policy lines. More specifically, it takes all the fundamental decisions concerning the investments in and disposals of properties, as well as those regarding their funding. Retail Estates nv has no executive committee.

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 property portfolio and the functioning of the company. The board of directors will make sure that sufficient powers are given to ensure that these responsibilities and duties are met.

The managing director and the chairman of the board of directors are jointly appointed by the board of directors as being the effective leaders of the public RREC pursuant to Article 14 of the RREC Law.

All directors' mandates expire this year, without prejudice to the right of reappointment.

Report on the activities

Among others, the board of directors took the following decisions during the past financial year:

- sale of EUR 9.19 million in real estate properties;
- sale of the company Belgium Retail 1 Luxembourg sàrl;
- enlargement of the portfolio by EUR 99.41 million in real estate properties through purchases or contributions in kind;
- merger by absorption of SDW Invest bvba, Ducova bvba, Erpent Invest nv and Poperinge Invest nv;

- acquisition of control over Frun Park Wetteren nv, Gentpoort nv and Mijn Retail nv;
- conversion to the status of public regulated real estate company;
- financing of the above-mentioned acquisitions.

In order to constantly improve its effectiveness within the company, the board of directors systematically and regularly (at least every three years) evaluates its size, composition and performance and that of its committees, and its interaction with the executive management.

This assessment focuses on:

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

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

Currently, Retail Estates nv has only set up a remuneration and nomination committee. Its members are independent directors and Mr. Vic Ragoen is the chairman of the committee. The committee met twice in 2014-2015, i.e., on 28 November 2014 and on 19 January 2015, in order to discuss the setting of the budget for 2015-2016. During these meetings the staff remuneration policy was discussed and the recurrent fees paid to external providers were inventoried.

The role of the remuneration and nomination committee consists of supporting the board of directors by:

- making recommendations on the composition of the board of directors and its committees;
- assisting in the selection, evaluation and appointment of members of the board of directors;
- assisting in determining the remuneration of the members of the board of directors;
- drawing up the remuneration report.

The provisions of the Law of 17 December 2008 (Belgian State Gazette 29 December 2008) introduced the requirement that listed companies set up audit committees.

Retail Estates nv, however, fulfils the exemption conditions provided for in this law, whereby the tasks assigned to the audit committee can be carried out by the board of directors as a whole. Retail Estates nv makes use of this possibility. In this respect, Mr. Tinant, as an independent director, has the necessary reporting and audit skills. If the company were to no longer meet the conditions for having the audit committee tasks performed by the board, it will take the necessary steps to set up an audit committee within the board of directors in the sense of Article 526bis of the Belgian Companies Code.

The tasks of this audit committee consist mainly of monitoring the financial reporting process, assessing the appropriateness of the internal control and risk management systems, monitoring the internal audit and the statutory audit of unconsolidated and consolidated annual accounts, and assessing and monitoring the independence of the auditor.

Evaluation of the performance of directors

Under the supervision of its chairman, the board of directors regularly evaluates 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 committee on one hand;
- audit the composition of the board of directors on the other hand.

Another matter that is discussed is the timely provision of information prior to meetings of the board of directors.

The evaluation itself takes the form of a written procedure, using a questionnaire that must be answered individually and anonymously.

Representation power

In all legal and statutory transactions concerning the disposal of real estate, the company will be represented by at least two directors acting jointly, being in principle the chairman of the board of directors Paul Borghgraef and the managing director Jan De Nys.

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

Settlement of conflicts of interest

Pursuant to Article 523 of the Belgian Companies Code, any member of the board of directors who, whether directly or indirectly, has a financial interest which conflicts with a decision or operation involving the board

Fltr: Hubert De Peuter, Marc Tinant, Victor Ragoen, Richard Van Besauw, Paul Borghgraef, Jan De Nys, Jean-Louis Appelmans, Jean Sterbelle of directors, may not attend the deliberations of the board of directors.

Articles 36 until 38 of the RREC Law is also referred to, when one of the persons mentioned in this Article (director, manager or promoter of the RREC,...) acts as counterparty in an operation undertaken with the public RREC or a company under its control.

During the previous financial year, no conflict of interest within the meaning of these articles occurred.

Day-to-day management – executive management

The company is managed by a team of 17 co-workers, under the leadership of the managing director (CEO), Mr. Jan De Nys.

(Non-)executive directors

Chairman:

Paul Borghgraef (1954): Chairman of the board of directors
Office address: Van De Wervelaan 49/2 – 2970 Schilde
End of mandate: 2015
Most important other positions: director at KBC Securities nv, director at Pertinea Property Partners nv and director at PG58 nv
Committees: -
Attendance board of directors in 2014-2015[3]: 6
Attendance remuneration and nomination committee in 2014-2015[4]: -

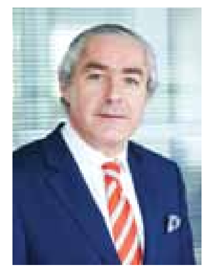
Executive director:

Jan De Nys (1959): Chief Executive Officer (CEO – managing director)
Office address: Retail Estates nv - Industrielaan 6 - 1740 Ternat
End of mandate: 2015
Most important other positions: director at Paestum nv/Orelio nv (Maes/Alides Construction and Property Group), director at First Retail International nv, chairman of Private Privak BEM II (set up under the aegis of the Flemish Building Federation), managing director of Infradis Real Estate Management nv and managing director of Snowdonia nv
Committees: -
Attendance board of directors in 2014-2015: 6
Attendance remuneration and nomination committee in 2014-2015: -

Non-executive directors:

Jean-Louis Appelmans (1953): director
Office address: Leasinvest Real Estate Comm.V.A. – Schermersstraat 42 – 2000 Antwerp
End of mandate: 2015
Most important other positions: managing director of Leasinvest Real Estate Management nv (statutory manager of the RREC Leasinvest Real Estate Comm.V.A.), Leasinvest Immo Lux sa, Leasinvest Services nv,...
Committees: -
Attendance board of directors in 2014-2015: 6
Attendance remuneration and nomination committee in 2014-2015: -

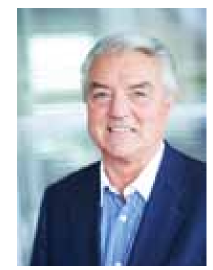
Hubert De Peuter (1959): director
Office address: KBC Bank nv – Havenlaan 12 – 1080 Brussels
End of mandate: 2015
Most important other positions: KBC Bank nv – Senior Account Manager, director of the RREC Care Property Invest, director at KBC Real Estate Investments nv, director at KBC Property Portfolio Belgium nv, director at Mechelen City Center nv,...
Committees: -
Attendance board of directors in 2014-2015: 6
Attendance remuneration and nomination committee in 2014-2015: -



Victor Ragoen (1955): independent director
Office address: New Vanden Borre nv Slesbroekstraat 101 – 1600 Sint-Pieters-Leeuw
End of mandate: 2015
Most important other positions: advisor New Vanden Borre nv
Committees: chairman remuneration and nomination committee
Attendance board of directors in 2014-2015: 4
Attendance remuneration and nomination committee in 2014-2015: 2

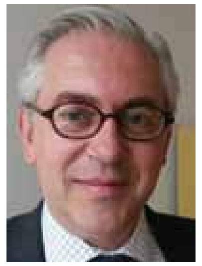
Jean Sterbelle (1962): director
Office address: AXA Belgium nv – Vorstlaan 25 – 1170 Brussels
End of mandate: 2015
Most important other positions: Head of Transactions & Letting – AXA Real Estate Investment Managers Belgium nv, director at Blauwe Toren nv, director at Brustar One nv, director at Cabesa nv,...
Committees: -
Attendance board of directors in 2014-2015: 4
Attendance remuneration and nomination committee in 2014-2015: -

Marc Tinant (1954): independent director
Office address: Auxipar nv – Avenue Urbain Britsiers 5 - 1030 Brussels
End of mandate: 2015
Most important other positions: vice-president of the management board of Auxipar nv, managing director of Familia / EPC Scrl, directorships at SRIW nv, Les Editions de l'Avenir (Corelio),...
Committees: member of the remuneration and nomination committee
Attendance board of directors in 2014-2015: 6
Attendance remuneration and nomination committee in 2014-2015: 2



Richard Van Besauw (1945): independent director
Office address: Leeuwerikendreef 11 – 2970 Schilde
End of mandate: 2015
Most important other positions: consultant at Aerts nv and Salt and Pepper
Committees: member of the remuneration and nomination committee
Attendance board of directors in 2014-2015: 5
Attendance remuneration and nomination committee in 2014-2015: 2

3 Total number of board of directors in 2014-2015: 6
4 Total number of remuneration and nomination committees in 2014-2015: 2



Christophe Demain (1966): director
Office address: Belfius Insurance nv – Galiléelaan 5 – 1210 Brussels
End of mandate: 2015
Most important other positions: Chief Investment Officer at Belfius Insurance nv, director of the RREC Cofinimmo nv, director First Retail International nv, president of the board of directors of LFB nv, Coquelets nv,...
Committees: -
Attendance board of directors in 2014-2015: 4
Attendance remuneration and nomination committee in 2014-2015: -

Francis Vroman (1949): director until 21 April 2015
Office address: Federale Verzekering - Stoofstraat 12 - 1000 Brussels (until December 2014)
End of mandate: 21/04/2015
Most important other positions: managing director of Federale Real Estate nv and director-consultant at Federale Verzekering until December 2014, directorships at Axxes, Benor, Inaco, K-Building, Senior Housing Invest, Foncière du Pré-Aily, Trilogis,...
Committees: -
Attendance board of directors in 2014-2015: 1

Attendance remuneration and nomination committee in 2014-2015: -

During the financial year 2015-2016, on 21 April 2015, Mr. Francis Vroman resigned as director at Retail Estates nv.

6. Other parties involved

Certification of the accounts

An auditor appointed by the shareholders' meeting must:

- certify the annual accounts and review the interim accounts, as in any limited liability company ('naamloze vennootschap'/'société anonyme');
- prepare special reports at the request of the FSMA, given that Retail Estates nv, as a public RREC is a listed company.

The auditor is Deloitte Bedrijfsrevisoren, represented by Mrs. Kathleen De Brabander, a company auditor certified by the FSMA, having its registered office at 1831 Diegem, Berkenlaan 8B. At the 25 June 2012 annual shareholders' meeting, the auditor was reappointed for a 3-year term.

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

The remuneration of Deloitte Bedrijfsrevisoren for the tasks assigned to the statutory auditor by law (e.g. reports when mergers occur), amounts to EUR 0.00 million (excluding VAT). The fees relating to studies and assistance and more in particular on taxation matters and due diligence assignments amount to EUR 0.17 million excluding VAT.

Real estate expert

In accordance with the RREC legislation, Retail Estates nv calls upon experts for the regular valuations of its assets, each time it issues shares, lists securities on the stock market or purchases unlisted shares, and when it purchases or sells real properties. These valuations are necessary to determine the inventory value and prepare the annual accounts. The valuation assignments are entrusted to Cushman & Wakefield (Kunstlaan 58, box 7 at 1000 Brussels), represented by Mr. Jérôme Lits, and to CBRE nv (Avenue Lloyd George 7 at 1000 Brussels), represented by Mr. Pieter Paepen.

During the past financial year, a fee of EUR 0.28 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 0.24 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 property of Immobilière Distri-Land nv is valued on the basis of a joint instruction from Retail Estates nv 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.

7. Acquisition and sale of Retail Estates nv shares – insider trading

In accordance with the principles and values of the company, Retail Estates nv has inserted, in its Code of Conduct, a number of rules (Dealing Code) to be followed by directors and employees wishing to trade in financial instruments issued by Retail Estates nv.

In the framework of the application of the Belgian Corporate Governance Code within Retail Estates nv, the rules of the Code of Conduct have been reviewed in order to bring them in line with the Belgian Royal Decree of 5 March 2006 relating to insider trading, the fair presentation of investment recommendations, and the indication of conflicts of interest.

8. Information based on Article 34 of the Belgian Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments authorised to trade on an official market

Capital structure (on 31 March 2015)

The registered capital amounts to EUR 170,091,087.57 and is divided into 7,559,473 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 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 Companies 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 as 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 Companies Code and the RREC legislation) and 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 situations have provided Retail Estates nv with financing require the retention of the public regulated real estate company status. The general 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 maintain a maximum debt level of 60% (lower than the legal threshold of 65%).

Articles of association of Retail Estates nv

Retail Estates nv's articles of association are on page 172 of this annual report. They were last revised at the board of directors' meeting of 28 May 2015.

9. Comments on the consolidated financial statements for the financial year 2014-2015

Balance sheet

Investment properties (including project developments) have increased from EUR 745.92 million to EUR 837.12 million. This is primarily explained by the extension of the portfolio by EUR 99.41 million and the sales of properties worth EUR 9.19 million. Assets held for sale have increased from EUR 4.38 million to EUR 4.82 million. Recorded under assets held for sale at the end of each quarter are those assets for which a sales agreement has been signed but the final deed of sale has not yet been enacted. In the financial year 2014-2015, assets were added to the assets held for sale in the amount of EUR 5.91 million, while assets in the amount of EUR 5.47 million were sold.

Current assets amount to EUR 9.84 million, consisting of EUR 4.82 million of assets held for sale, EUR 1.17 million of trade receivables, EUR 1.40 million of tax receivables and other current assets, EUR 1.47 million of cash and cash equivalents, and EUR 0.98 million of deferred charges and accrued income.

The shareholders' equity of the public RREC amounts to EUR 381.21 million. The registered capital amounts to EUR 170.09 million on 31 March 2015, an increase of EUR 6.05 million compared to last year, as a result of the capital increase mentioned above. After deducting the costs of the capital increases, the accounting capital amounts to EUR 166.90 million. In the financial year 2014-2015, 269,062 new shares were created. For the same reasons, the share premiums have increased from EUR 93.09 million to EUR 101.84 million. The company's reserves amount to EUR 77.23 million and consist of unrealised gains due to valuation of the real estate portfolio at fair value (EUR 88.76 million), the result carried forward from previous financial years (EUR 24.41 million), available reserves (EUR 9.10 million), legal reserves (EUR 0.41 million), minus the fair value impact of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (EUR -20.86 million) and variances in the fair value of financial assets and liabilities (EUR -24.59 million). The group uses financial derivatives (interest rate swaps) to hedge against interest rate risks deriving from operational, financial and investment activities. Financial derivatives are initially recognised as costs and are revalued to fair value at subsequent reporting dates. The negative valuation of the financial instruments has no impact on the net result of Retail Estates nv. The public RREC classifies the interest swaps as cash flow hedging, on the basis that hedges are effective, i.e., that the amounts and the maturity match those of the underlying loan agreements. Cash flow accounting is therefore applied to these swaps, based on which the valuation changes in these swaps are recognised directly in equity and are not taken through the income statement. The negative value of these instruments is due to the sharp fall in short-term interest rates which has continued since the end of 2008 under the impetus of the US and European central banks.

The net result of the financial year is EUR 35.24 million, comprising EUR 28.63 million in net current profits, and EUR 6.61 million in profit on the portfolio.

Non-current liabilities amount to EUR 379.22 million, including EUR 340.38 million in non-current financial debts with an average term of 3 years. The remaining non-current liabilities pertain to provisions, authorised cash flow hedges (interest swaps), deferred taxes and debts for the further acquisition of shares in Retail Warehousing Invest nv, which are not yet owned by Retail Estates nv.

Current liabilities amount to EUR 87.01 million, of which EUR 10.02 million in trade payables and other current debts. These mainly pertain to trade accounts payable for an amount of EUR 0.80 million, estimated taxes for an amount of EUR 0.70 million, accounts receivable for an amount of EUR 4.12 million and exit taxes for an amount of EUR 4.07 million. The current financial liabilities amount to EUR 57.21 million.

Other current liabilities have increased, from EUR 0.086 million to EUR 15.37 million. This increase is explained by the debts for the further acquisition of the shares in Mijn Retail nv, which are not yet owned by Retail Estates nv.

On 31 March 2015, the average interest rate is 4.35%.

Income statement

Net rental income has risen by EUR 5.68 million. This can primarily be explained by the acquisition of additional properties during the 2014-2015 financial year (EUR 2.17 million) and the acquisition of properties in the previous financial year, which, for the first time, generated a full year's rental income (EUR 3.47 million). The sale of properties produced a EUR 0.75 million fall in rental income. This financial year, the sale of properties during the past financial year resulted in a decrease of the net rental income of EUR 0.08 million. The impact of contract renewals amounts to EUR 0.16 million.

Discounts, vacancy and indexing (EUR +0.71 million) also had an impact.

Property charges amount to EUR 3.36 million, and have increased by EUR 0.32 million, mainly due to an increase of technical and commercial costs due to the extension of the portfolio. Corporate operating costs amount to EUR 2.89 million, an increase of EUR 0.49 million compared to the previous year, mainly due to the non-recurring costs in the context of the change of status to RREC, non-recurring derogation costs on the occasion of the merger of the subsidiary Ducova bvba with the company, and an increase of the stock exchange and quotation costs through an increase of the stock exchange tax.

The result of the disposal of investment properties amounts to EUR 0.48 million. This profit is the result of the sale of properties for EUR 7.79 million (fair value). For further details, we refer to the section "Divestments" in this chapter.

The positive variation in the fair value of real estate investments amounts to EUR 6.13 million, mainly due to the tightening of the yield on top locations and the impact of rent renewals.

The financial result is EUR 17.13 million compared to EUR 15.79 million the year before. Interest costs are higher than the year before, owing to additional loans taken up to finance the further expansion of the portfolio.

The net current result (i.e., the net result, without the property portfolio result) is EUR 28.63 million, compared to EUR 25.07 million last year.

Prospects for the financial year 2015-2016

For the financial year 2015-2016, the company expects a rental income of EUR 54 million, on the basis of the expected composition of the real estate portfolio, and subject to unforeseeable circumstances. This number only takes into account the acquisitions and disposals for which an agreement has been signed, and the investments which are planned and contracted.

Just like in the previous financial years, Retail Estates nv expects that the dividend for the financial year 2015-2016 will grow, in line with previous years, as a result of which it is minimally inflation resistant. For the financial year 2015-2016, Retail Estates nv's target is a dividend of EUR 3.20 gross (EUR 2.40 net). This would imply an increase of 3.23% compared to the dividend of the financial year 2014-2015 (EUR 3.10 gross).

Appropriation of the profit

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

	EUR/1000
Result of the year	29,874,000
Transfer of result on portfolio and participating interests to available reserves (portfolio result)	-4,339,000
Profit to be appropriated for the financial year	25,535,000
Profit carried forward from the previous financial year (IFRS)	20,164,000
Increase in profit carried forward due to merger and other	1,358,000
Other	
Payment of dividend on 31 March 2015	-23,434,000
Result to be carried forward	23,623,000

The board of directors of the limited liability company Retail Estates will propose to the company's shareholders' meeting, to be held on 3 July 2015, a gross dividend for the financial year 2014-2015 (which began on 1 April 2014 to end on 31 March 2015) in the amount of EUR 3.10 (or EUR 2.325 net, i.e., the net dividend per share after the deduction of 25% in withholding tax) per share, which participates in the result of the financial year 2014-2015.

Miscellaneous items

Research and development

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

Branches

The company does not have any branches.

Data in accordance with EPRA reference system[5]

EPRA Key performance indicators

	Definitions	EUR/1000	EUR per share
EPRA Earnings	Current result from adjusted core operational activities.	28,628	3.79
EPRA NAV	Net Asset Value (NAV) adjusted to take the fair value of the property investments into account and excluding certain elements not expected to crystallise in a long-term investment property business model.	405,799	53.68
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.	381,212	50.43
	Definitions		%
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.		6.75%
EPRA Vacancy	Estimated market Rental Value (ERV) of vacant surfaces divided by the ERV of the portfolio as a whole.		1.12%
EPRA Cost Ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income less ground rent costs		11.85%
EPRA Cost Ratio (excl. vacancy costs)	EPRA Costs (excluding vacancy costs) divided by the gross rental income less ground rent costs		11.60%

EPRA Earnings	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	35,238
Adjustments to calculate EPRA Earnings	
Excluding:	
Variations in the fair value of investment properties (IAS 40)	6,131
Result on disposal of investment properties	479
Variations in the fair value of financial instruments (IAS 39)	
Adaptations to minority interests	
EPRA Earnings (attributable to the shareholders of the parent company)	28,628
EPRA Earnings (EUR/share) (attributable to the shareholders of the parent company)	3.79

EPRA Net Asset Value	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts	381,212
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	50.43
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	381,212
Excluding:	
Fair value of the financial instruments	-24,587
EPRA NAV (attributable to the shareholders of the parent company)	405,799
EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)	53.68

EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	EUR/1000
EPRA NAV (attributable to the shareholders of the parent company)	405,799
Including:	
Fair value of the financial instruments	-24,587
EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	381,212
EPRA NNNAV (EUR/share) (attributable to the shareholders of the parent company)	50.43

5 These data are not compulsory to the regulation on the RRECs and are not subject to verification by public authorities. The auditor verified whether the "EPRA Earning", "EPRA NAV" and "EPRA NNNAV" ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" 2011 and whether the financial data used in the calculation of these ratios comply with accounting data included in the audited consolidated financial statements

EPRA Net Initial Yield	EUR/1000
Investment properties (excluding assets held for sale) fair value	837,121
Transfer taxes	20,741
Investment value	857,862
Project developments	34,170
Investment value of the properties, available for rent	823,692
Annualised gross rental income	56,512
Property costs	-943
Annualised net rental income	55,569
EPRA Net Initial Yield (NIY)	6.75%

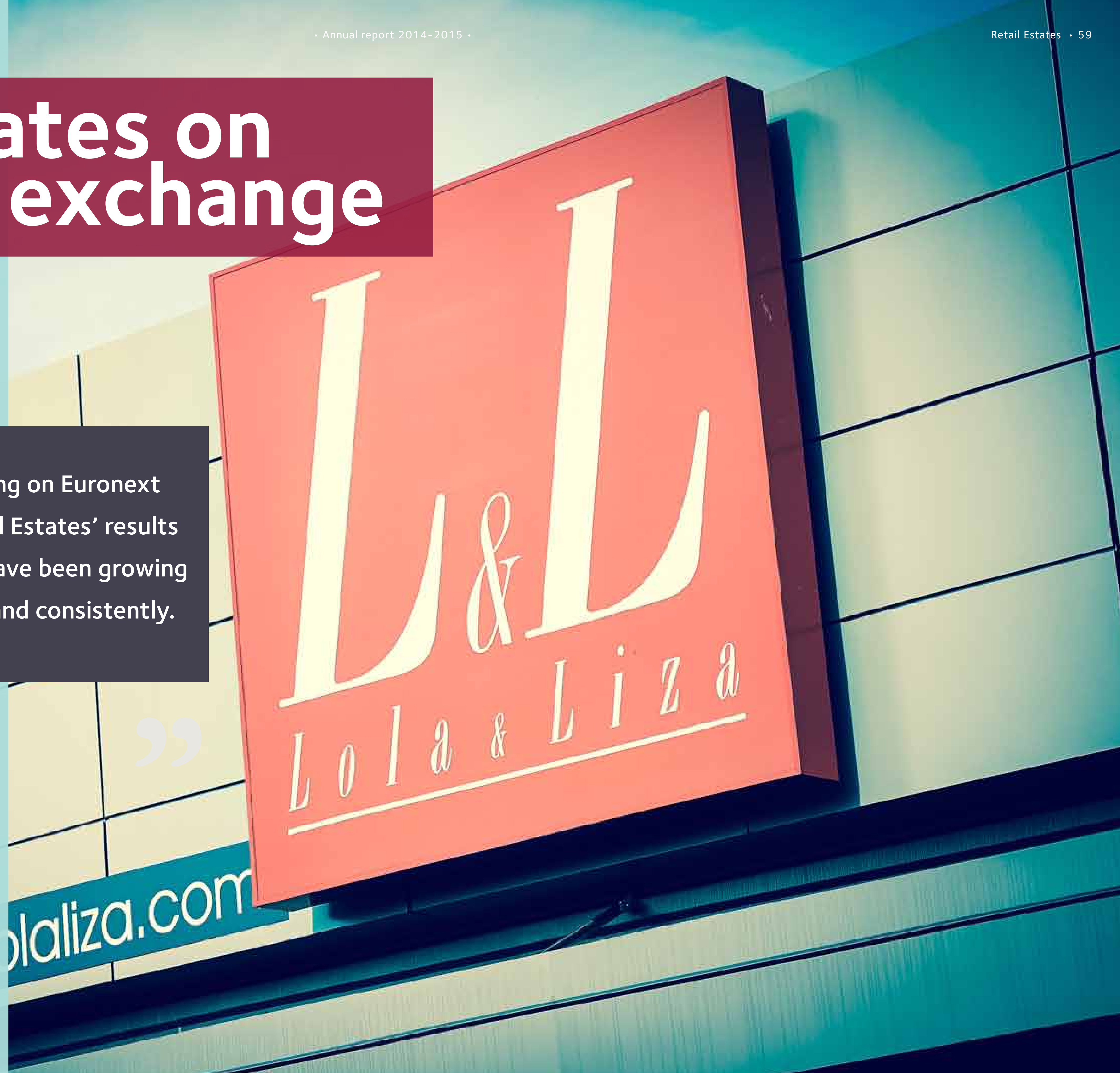
EPRA Vacancy Rate	EUR/1000
Estimated rental value of vacant surfaces	631
Estimated rental value of total portfolio	56,512
EPRA Vacancy Rate	1.12%

EPRA Cost Ratio	EUR/1000
Operating corporate costs	2,888
Write-downs on trade receivables	-3
Ground rent costs	488
Property charges	3,362
Less:	
Ground rent costs	-488
EPRA costs (incl. vacancy costs)	6,247
Vacancy costs	-135
EPRA costs (excl. vacancy costs)	6,112
Rental income less ground rent costs	52,703
	%
EPRA Cost Ratio (incl. vacancy costs)	11.85%
EPRA Cost Ratio (excl. vacancy costs)	11.60%

EPRA Evolution of the gross rental income (EUR/1000)					
2014-2015					
	Gross rental incomes at constant scope	Acquisitions	Disposals	Prior period adjustments	Gross rental income 2014-2015
Rental income	51,767	2,172	-748		53,191
2013-2014					
	Gross rental incomes at constant scope	Acquisitions	Disposals	Prior period adjustments	Gross rental income 2013-2014
Rental income	44,883	3,013	-207		47,689

Retail Estates on the stock exchange

> "Since its listing on Euronext Brussels, Retail Estates' results and portfolio have been growing continuously and consistently."



Retail park Crescend'Eau, Verviers

Retail Estates on the **stock exchange**

	01.04.2014 31.03.2015	01.04.2013 31.03.2014	01.04.2012 31.03.2013
Highest share price	76.99	61.00	57.98
Opening price at 1 April	58.95	58.00	49.50
Closing price at 31 March	76.64	58.92	57.98
Average share price	64.91	56.35	52.12
Net asset value (NAV) (IFRS)	50.43	48.90	46.38
Net asset value (after dividend) (IFRS)	47.33	45.90	43.48
Premiums NAV relative to closing price	51.97%	20.49%	25.01%
Gross dividend	3.10	3.00	2.90
Net dividend	2.325	2.25	2.175
Dividend yield	4.22%	5.36%	5.27%
Return net result on shareholders' equity	9.24%	8.01%	10.97%
Pay-out ratio	81.15%	86.55%	80.84%
Number of shares	7,559,473	7,290,411	5,813,122
Market capitalisation (EUR million)	579,36	429,55	337,04
Free float percentage	100%	100%	100%
Average daily volume	2,939	1,929	1,560
Annual volume	749,458	493,940	394,563

1. Performance

Stock market capitalisation

Retail Estates nv is listed on the Euronext continuous market.

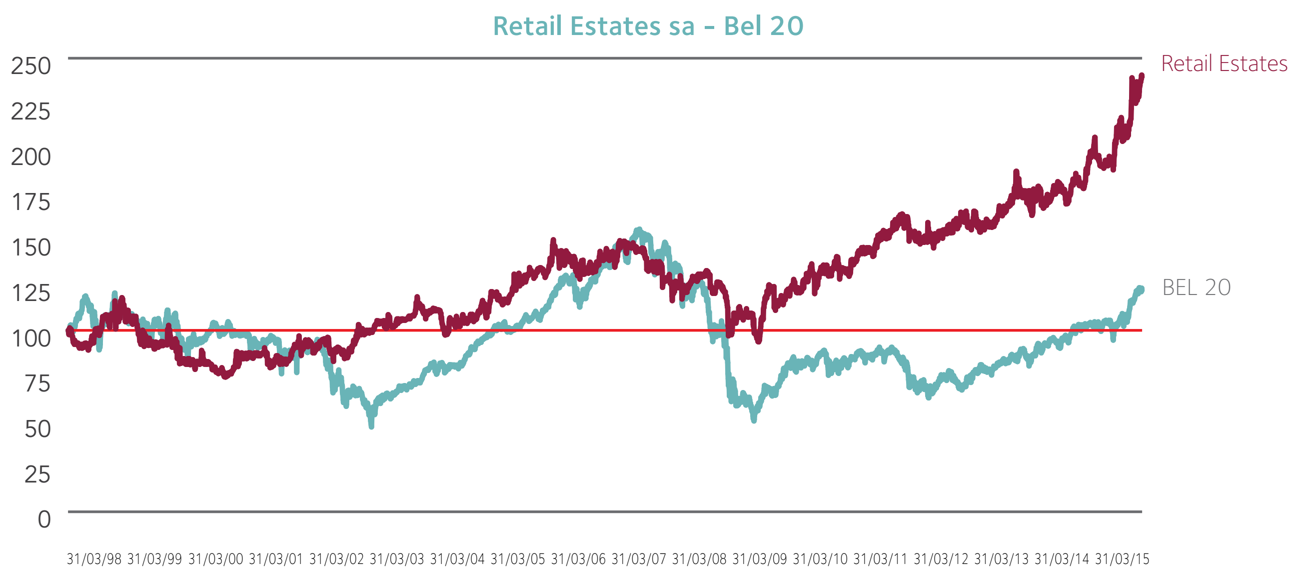
Relevant benchmarks for mid-caps and small-caps were launched on 1 March 2005 as part of Euronext's plans to reform and harmonise its price list and promote the recognisability and liquidity of small and medium-sized enterprises.

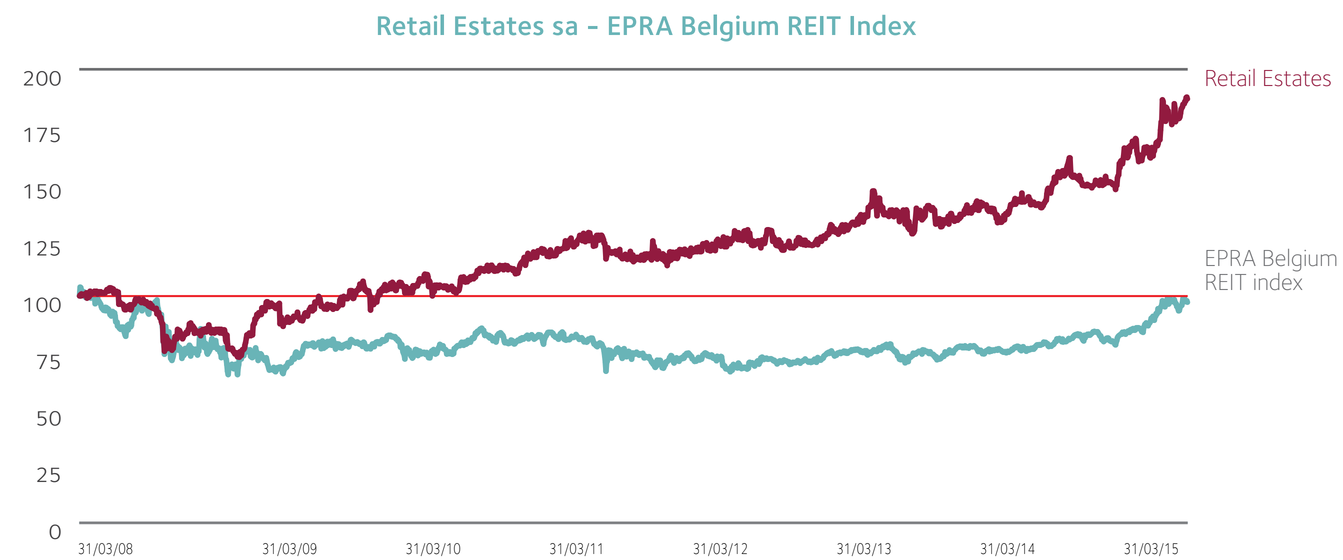
Retail Estates nv is included in the BelMid-index and the Vlam 21-index. The BelMid-index currently comprises 30 companies, and the Vlam 21-index 21 companies.

As of 31 March 2015, the market capitalisation of Retail Estates nv amounts to EUR 579.36 million.

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

Stock market capitalisation
in million EUR





Stock exchange price

The share price reaches its highest level of the year on 30 March 2015 (EUR 76.99). Ultimately, the share price closed at EUR 76.64 at the end of the financial year.

The annual average price is EUR 64.91. The graph above shows the stock performance of the Retail Estates-share relative to the BEL 20 since the its listing. The share value of Retail Estates nv increased over this period by 143.07%, compared to an increase of the BEL 20 by 25.15%.

Dividend

The proposal which the board of directors put forth at the shareholders' meeting, regarding the allocation of the results of the financial year that ended on 31 March 2015, consists of paying out a gross dividend (before withholding tax) of EUR 23.43 million.

This is equal to a gross dividend of EUR 3.10, for shares which have been eligible for a dividend from 1 April 2014 (7,559,473 shares).

It represents a 3.33% increase compared to the dividend received for the financial year that ended on 31 March 2014.

Premiums and discounts

The intrinsic value of the share in the past year, with real estate valued at 'fair value', increased from EUR 48.90 on 31 March 2014, to EUR 50.43 on 31 March 2015 (dividend included).

The net asset value (i.e. real value including the dividend, but excluding the value of the financial instruments) is EUR 53.68, compared to EUR 52.18 in the previous year. This increase is due to the positive variances in the value of the investment properties and the result achieved in the financial year.

Regulated real estate company

Risk profiles and returns within a certain category of investments can differ significantly, depending on the focus, the nature of activities, and the specific features of the company that issued the shares. The higher the risk, the higher the return required by an investor.

Some important factors, which play an instrumental role in determining the performance of RRECs, are both the type and location of properties, the kind of tenants, the non-occupancy rate, the level of interest rates, and the general stock market climate.

Since its listing on the stock exchange, the performance of Retail Estates nv has consistently been on a par with market norms, in line with the management's expectations at the start of the financial year, and commensurate with the performance of other Belgian RRECs with comparable occupancy rates and value growth in their real estate.

Over the past financial year, the price of the Retail Estates nv share has increased by 30.01%. The EPRA Belgian REIT index increased by 27.72%.

Linear bonds

Some investors regard real estate as a bridge between an investment in shares on the one hand, and a bond investment or a treasury note on the other. The dividend return of Retail Estates nv over the past financial year (with a gross dividend of EUR 3.10) is 4.22%, relative to the closing price of the share (dividend excluded). The ten-year interest rate for linear bonds is 0.43% on 31 March 2015.

2. Dematerialisation of bearer shares

Legal context

The law of 14 December 2005 (Belgian State Gazette 23 December 2005) abolishing bearer securities, prohibits the issue of new bearer shares with effect from 1 January 2008.

Since then, any bearer shares in a securities account have automatically been converted to dematerialised securities.

Following the implementation of the above-mentioned law, newly issued shares of Retail Estates nv cannot be delivered physically.

Until 31 December 2013, at the latest, holders of bearer securities that have not been converted automatically under the above paragraphs could request their conversion to dematerialised securities or registered securities.

After this period, any unconverted shares were automatically converted to dematerialised securities and deposited by two directors in a securities account.

From 1 January 2015, any securities with unknown beneficiary owners must be offered for sale in accordance with Article 11 of the above law. The holders of these securities may exercise their rights until the day of sale. On 31 March 2015, the company had not yet taken steps to sell these securities.

Measures for implementing changes to legislation

In the light of these major changes, Retail Estates nv concluded a membership agreement, on 23 February 2007, with Euroclear Belgium, with registered office at 1140 Brussels, Schiphollaan 6, designating it as a clearing institution. This clearing institution is entrusted with keeping the entire volume of bearer securities issued by Retail Estates nv.

3. Liquidity provider

KBC Securities has been acting as market maker since 1 April 2003, promoting the marketability of shares.

The 12-month fee for the past financial year amounts to EUR 0.025 million (VAT excluded).

4. Shareholders' agenda

The annual shareholders' meeting and the publication of the 2014-2015 annual results will be held in the offices of Retail Estates nv, Industrielaan 6, Ternat, Belgium, on Friday 3 July 2015 at 10:00am.

Dividend made available for payment	10 July 2015
Announcement half-yearly results	27 November 2015
Announcement annual results of the financial year 2015-2016	27 May 2016

Real estate report

> "Retail Estates' cluster strategy results in an optimisation of the management costs."

Peripheral retail property Orchestra, Korbeek-Lo

"

GROWTH IN VALUE OF PROPERTIES AT PRIME LOCATIONS

Retail Estates has been investing since 1998 in retail property located along major roads, the so-called 'peripheral retail properties'. A significant portfolio has been built up over 17 years that on 31 March 2015 consists of 554 buildings, representing a gross built-on retail area of 611,076m². Its fair value amounts to EUR 837.12 million.

Real estate **report**

1. The market of out-of-town retail properties

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, though. Numerous 'opportunity seakers' have since disappeared on account of the growing complexity of the market. The supply of new properties has decreased markedly, but demand has remained stable. This has resulted in rising rents and falling returns. The market of out-of-town retail properties 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 EUR 120/m2 in major conurbations, and EUR 100/m2 in smaller ones, with returns on high-end prime market locations between 6 % and 6.50 %. Ten years ago, the highest rents amounted to EUR 75/m2 per year, and returns were between 9 % and 10 %.

The trend of rising rents came to a halt in 2009, with the exception of properties at high-end prime locations.

These two factors – i.e., 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 ten years. Today, the Belgian market of out-of-town retail properties is characterised by considerable stability among long-term investors and tenants.

The difficult economic climate has stabilised rents and returns in the out-of-town retail sector since the end of 2008, this in contrast with other real estate markets.

The best barometer is the rate of unoccupied properties, which has now 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 socio-economic permits on the other. The permits are issued for buildings, not to tenants. Moreover, this kind of properties are rented out while they are still in the carcass stage (i.e., the shell of the building) 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, in recent years, acquired the best sites, often at the expense of local SMEs, which, historically, have always dominated these locations. 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 increased presence of institutional investors. Also affluent individuals show an increasing interest in this type of real estate.

Ten institutional investors are now highly active in this segment. Generally speaking, Belgium has very few integrated retail parks, comparable with those found

close to every conurbation in countries like the United Kingdom and France. Retail parks in Belgium tend to be small, and are mostly situated in the French-speaking part of the country (Wallonia).

A majority of the Retail Estates nv's properties are located adjacent to major peripheral motorways or near residential districts on the outskirts of larger conurbations and they often form clusters which 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 has become effective on 1 July 2014.

Retail Estates nv believes that the designation of existing buildings for new purposes and the elimination of city eyesores constitute a major opportunity. Transforming garages, large furniture stores, and industrial buildings into shops may bring significant added value to our shareholders.

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.

2. The real estate portfolio

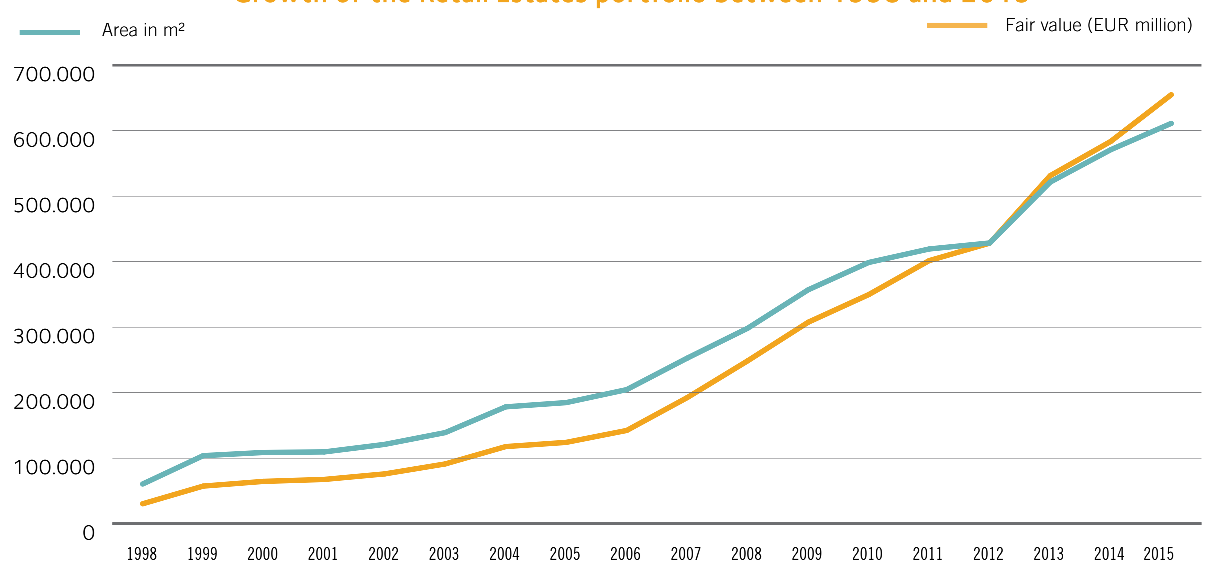
Investment strategy and profile

Since 1998, Retail Estates nv has been investing in out-of-town retail properties, alongside roads. Over a period of 17 years, the company has established a significant portfolio which, on 31 March 2015, consists of 554 retail properties, covering a total built-up retail area of 611,076m². Their fair value of the real estate portfolio totals EUR 837.12 million. The investment value amounts to EUR 857.86 million.

The value of the real estate portfolio of the public RREC has increased by 12.23% compared to the value on 31 March 2014 (EUR 745.92 million). This is the result of acquisitions, as well as the delivery of several properties under its own development.

The occupancy rate is 98.78%.

Growth of the Retail Estates portfolio between 1998 and 2015



Until 31 March 2003: investment value
From 1 April 2004: fair value (valuation according to IFRS including assets held for sale)

Type of building[1]

Definitions

Individual suburban retail properties are individual retail properties adjacent to the public highway. Every outlet has its own car park and entrance and exit roads, connecting it to the public highway, and making it easily recognisable. In the immediate vicinity, there are, in principle, no retail properties of the same kind.

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

Retail parks are made up of retail properties that, in conjunction with other shops, form part of an integrated commercial complex. All properties use a central car park with a shared entrance and exit road. This enables consumers to go to several shops without having to move their cars. A location of this kind will typically have at least five properties.

Other real estate consists mainly of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. The Erembodegem site was leased in its totality to Brantano nv under a 10-year lease agreement that ends on 31 May 2024. Retail Estates nv only invests in real estate properties used for the aforementioned purposes if they are already embedded in a retail property or are part of a real estate portfolio that can only be acquired as a whole.

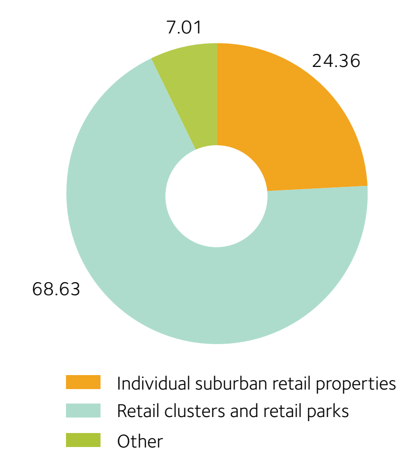
Retail premises under development are premises that form part of a new-build project or a renovation project.

Geographical spread

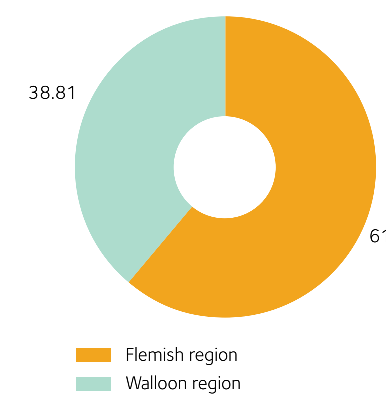
At the time of the incorporation of Retail Estates nv, more than 70% of its retail properties were located in the Walloon Region. This reflected the far greater supply of out-of-town real estate available in this part of the country.

Since then, the ratio has changed, with 61.19% of the portfolio located in the Flemish Region, compared to 38.81% in the Walloon Region. These figures are more in

TYPE OF BUILDING



GEOGRAPHICAL SPREAD



1 The diagrams in this chapter show percentages based on the total surface on 31 March 2015.

line with the way in which the population is distributed across the two regions.

Now, Retail Estates nv also has one retail property in the Brussels Region. This region hardly knows peripheral real estate and is therefore not actively observed by Retail Estates nv.

Commercial activities of tenants

Retailers selling footwear and clothing (26.52%, compared to 29.26% last year) and retailers selling food, electrical products and toys, account for more than 51% of the leased surface area. Both categories provide a stable basis, because they are the least sensitive to economic fluctuations. Moreover, the socio-economic permits for these activities are the most difficult to obtain. This is conducive to an increase in the value of the properties on the one hand and a stronger loyalty to the location on the other.

In the home furnishing sector, which has the biggest margins, there is scope for significant rent increases in favourable economic times. However, this sector is hit hardest when consumer confidence wanes. The share of this segment in the real estate portfolio of Retail Estates nv remains at the same level (21.07% compared to 19.57% last year).

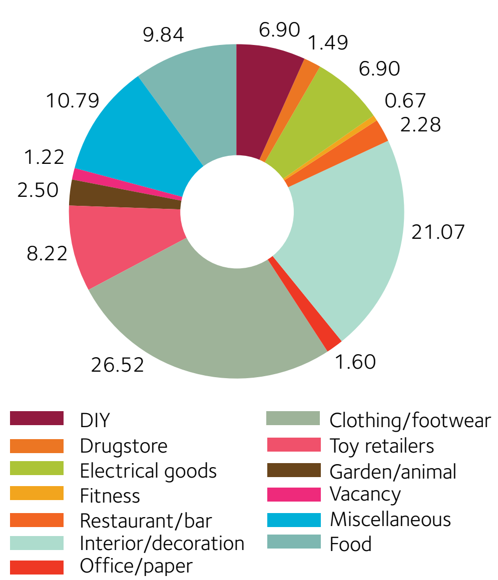
Tenants: chain stores versus others

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

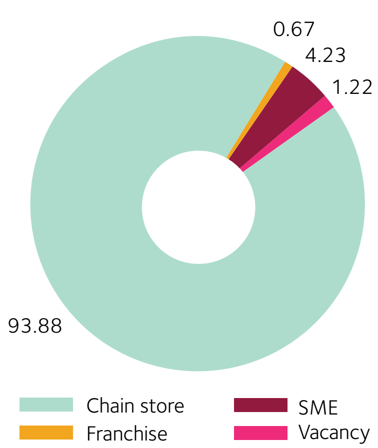
For the purposes of this analysis, ‘chain store’ shall mean a large retail company with at least five sales outlets and central accounting. Already in 1998, the company was letting out 82% of its properties to chain stores of this kind. Today, that figure is 93.88%. These tenants are less sensitive than local independent SMEs to changing conditions in the local market. A temporary local fall in turnover caused by road works, for example, will not cause any liquidity problems capable of jeopardising the payment of rent for chain stores. As most chain stores are organised nationally, and often internationally, they can rely on a strong professional organisation and a marketing unit that can promote the attractiveness of every individual outlet.

They also make significant marketing efforts which can be advantageous to the real estate location.

COMMERCIAL ACTIVITIES OF TENANTS



TENANTS: CHAIN STORES VERSUS OTHERS



Rent per m²

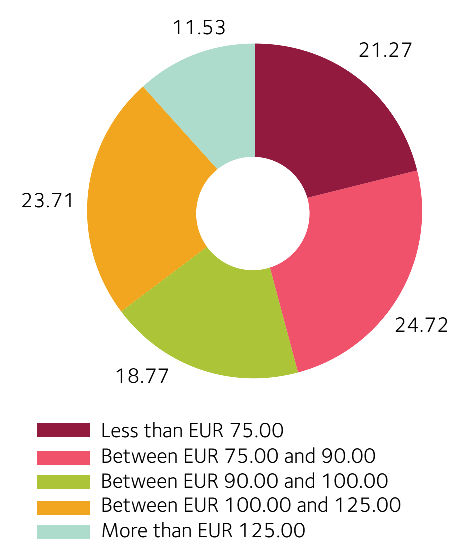
The differences in rent are not only due to the characteristics of the location, but are often also attributable to the term of the lease agreements, which, in the best-case scenario, can be reviewed only every 9 years, or otherwise not until 18 or 27 years later. The demand for long-term lease agreements can be explained by the significant amounts that tenants invest in furnishing the premises, and also by the advantages that long-term contracts offer investors, because the tenant is bound by the rent and will not be keen to renegotiate the rent for fear of putting the outlet at risk.

The average contractual rent per m² amounts to EUR 92.48 per year. Compared to 1998 (EUR 61.15/m²) this represents an increase of 51.23%. This increase is partly due to inflation and rent increases and partly due 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.

Top 20 tenants

The top 20 tenants of Retail Estates nv represent 57.46% of the gross rental income, and 55.11% of the total surface area of the properties in the real estate portfolio. In absolute figures, Brantano nv represents 7.72% of the rent collection and therefore leads the list of the five most important tenants. Brantano nv is followed by Piocheur nv and its affiliated companies of the Blokker group (5.90%), Orchestra-Prémaman nv (4.40%), the Hubo group (3.81%) and FUN nv (3.78%).

RENT PER M²



Summary of key figures

	RETAIL ESTATES		
	31.03.15	31.03.14	31.03.13
Estimated fair value[2]	837,121,000	745,916,000	675,593,000
Yield in % (investment value)	6.80%	6.93%	6.99%
Contractual rents	55,880,428	51,144,211	45,618,847
Contractual rents incl. rental value of vacant buildings	56,511,608	51,823,578	46,580,232
Total m² in portfolio	611,076	570,870	521,452
Number of premises	554	548	499
Occupancy rate in %	98.78%	98.17%	98.13%
Total m² under development	32,496	1,800	30,000

2 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 2015 (see further in this chapter).

Important note

On 31 March 2015, 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 2015, the real estate portfolio of Immobilière Distri-Land nv consists of 12 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.

As more than half of the retail properties are governed by lease agreements that were signed in 1989, and which run until 2016, the rents of the properties are, for historical reasons, lower than those of Retail Estates nv.

Overview real estate portfolio

Below is an overview of the real estate portfolio of Retail Estates nv and its subsidiaries on 31 March 2015.

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
ANTWERP	**Cluster Antwerp-North**	Bredabaan 964-968, 2170 Merksem Bredabaan 1203-1215, 2900 Schoten		L&L RETAIL BELGIUM SA FUN BELGIUM NV LEGIO IMMO BELGIUM NV KREFEL NV ORCHESTRA-PREMAMAN NV MEDINA NV L,TORFS NV HET BROEKENPALEIS NV JBC NV DEVRESSE SA			
			16,214		**2,270,356.64**	**2,438,070.00**	**32,736,785.64**
	Cluster Antwerp-South	Boomsesteenweg 649-651, 2610 Wilrijk Boomsesteenweg 652, 2610 Wilrijk Boomsesteenweg 941-945, 2610 Wilrijk Boomsesteenweg 800, 2610 Wilrijk Antwerpsesteenweg 65, 2630 Aartselaar Boomsesteenweg 62-68/86, 2630 Aartselaar		HANDELSMAATSCHAPPIJ PAUL LAMBRECHTS NV KREFEL NV OBEY NV RESIDENTIAL CARPETLAND NV KEUKENONTWERPERS NV FLEETCARE BVBA TECHNICAL FLEET SUPPORT CENTER BVBA PRO-DUO NV SCHRAUWEN SANITAIR EN VERWARMING NV DARKOM BVBA HILTI BELGIUM NV EDENWOOD NV ODYSSEUS BOUWMARKTEN NV BEDDEN EN MATRASSEN BV HET KEUKENHUIS NV MAXI ZOO BELGIUM BVBA BMS NV FUN BELGIUM NV ORCHESTRA-PREMAMAN NV DISTRI AARTSELAAR-TIELT-WINGE			
			26,402		**2,556,887.25**	**3,046,750.00**	**29,231,707.68**
	Cluster Lier	Donk 54/1-54/4, 2500 Lier Antwerpsesteenweg 308/366, 2500 Lier		ANISERCO NV HEYTENS NEW VANDEN BORRE NV MANYLION BVBA BRANTANO NV KREFEL NV SLAAPADVIES BVBA BELGACOM MOBILE NV FUN BELGIUM NV			
			8,293		**789,321.42**	**909,745.00**	**7,530,502.32**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Cluster Mechelen-North	Oscar Van Kesbeecklaan 7, 2800 Mechelen Elektriciteitsstraat 39, 2800 Mechelen Guido Gezellelaan 6-20, 2800 Mechelen Rode Kruisplein 20, 2800 Mechelen Liersesteenweg 432, 2800 Mechelen		PRIMO STADION NV MAXI ZOO BELGIUM BVBA BRANTANO NV VEDEA 1885 - DE KROON NV LEEN BAKKER BELGIE NV NEW VANDEN BORRE NV RESIDENTIAL (VACANT) DANS- EN EXPRESSIE VZW PRO-DUO NV DEVRESSE SA BABYDUMP BV PIOCHEUR NV FUN BELGIUM NV			
			13,919		**1,241,697.31**	**1,436,525.00**	**17,719,309.62**
	Cluster Mechelen-South	Brusselsesteenweg 437-441, 2800 Mechelen Geerdegemstraat 148, 2800 Mechelen		INTRES BELGIUM XP BVBA SC RETAIL NV BRANTANO NV NEW VANDEN BORRE NV REDISCO BVBA TRENDY FASHION NV RESIDENTIAL LEGIO IMMO BELGIUM NV			
			7,535		**901,530.85**	**924,770.00**	**8,835,806.77**
	Individual peripheral retail properties and others	Slachthuisstraat 27, 2000 Antwerpen Frans Beirenslaan 51, 2150 Borsbeek Geelsebaan 64, 2460 Kasterlee Antwerpsesteenweg 482-484, 2660 Hoboken Nekkerspoelstraat 447, 2800 Mechelen		ALDI RIJKEVORSEL NV CARPETLAND NV SINT-NIKLAAS DOE HET ZELF NV HUBO BELGIE NV			
			6,826		**680,919.52**	**668,270.00**	**9,544,126.33**
Brussels	**Individual peripheral retail properties and others**	Jerusalemstraat 48-50, 1030 Schaarbeek Ninoofsesteenweg 510, 1070 Anderlecht Charleswoestlaan 219-312, 1090 Jette		ALDI CARGOVIL-ZEMST NV ORCHESTRA-PREMAMAN NV RESIDENTIAL			
			2,229		**225,202.81**	**226,075.00**	**2,764,160.90**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
Hainaut	**Cluster Ath**	Chaussée de Bruxelles 60, 7800 Ath		EURO SHOE GROUP NV AGIK SPRL JT DOM SCRLFS KRUIDVAT BVBA MATCH SA ORCHESTRA-PREMAMAN NV ZEEMAN TEXTIELSUPERS NV ALLO TELECOM SA PIOCHEUR NV ELECTRO AV NV DEVRESSE SA ALKEN MAES NV VACANT MONI SPRL			
			5,270		**525,515.92**	**632,400.00**	**6,474,703.40**
	Cluster Aiseau-Presles	Rue du Campinaire 72-82, 6250 Aiseau-Presles		OMEGA NV RSDECO AVEVE NV ELECTRO AV NV ALDI GEMBLOUX SA EURO SHOE GROUP NV			
			8,182		**704,327.20**	**700,870.00**	**10,713,513.48**
	Cluster Jemappes	Avenue Wilson 421, 7012 Jemappes		E5 MODE NV GAMMSS SPRL BASIC FIT BELGIE			
			2,962		**327,814.61**	**325,820.00**	**5,075,585.29**
	Cluster Tournai	Rue des Roselières 10/14, 7503 Froyennes Rue des Roselières 3, 7503 Froyennes Rue de Maire 13A-C/18E, 7503 Froyennes		CHAUSSURES MANIET SA MOBELCO MEUBLES DELCAMBE CHAUSSURES SPRL HEYTENS ANISERCO NV PIOCHEUR NV CARGLASS NV BRSL SPRL			
			7,084		**750,060.44**	**827,365.10**	**5,530,979.40**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Route de Philippeville 402/422, 6010 Couillet Route Nationale 5, 6041 Gosselies Route de la Basse Sambre 713, 6060 Gilly Avenue du Centenaire 50, 6061 Montignies-sur-Sambre Rue de la Persévérance 7-13, 6061 Montignies-sur-Sambre Rue de Leernes 2, 6140 Fontaine-l'Evêque Chaussée de Mons 322-324, 6150 Anderlues Rue Dewiest 86, 6180 Courcelles Rue des Français 152, 6200 Châtelet Chaussée de Gilly 38, 6220 Fleurus Rue de Bertransart, 6280 Gerpinnes Rue d'Anderlues 110, 6530 Thuin Chaussée de Binche 50/129, 7000 Mons Chaussée de Ghlin 26, 7000 Mons Rue de la Station 125, 7060 Soignies Chaussée de Roeulx 351-353, 7060 Soignies Avenue de la Wallonie 6, 7100 La Louvière Rue Zéphirin Fontaine 76A/140, 7130 Binche Rue des bureaux 3B, 7160 Chapelle-lez-Herlaimont Rue du Grand Hornu 63/77, 7301 Hornu Route de Mons 107, 7390 Quaregnon Route de Mons 124, 7390 Wasmuel Rue de la Taverne du Maire 3, 7503 Froyennes Rue Neuve Chaussée, 7600 Péruwelz		BRANTANO NV CARPETLAND NV WIBRA BELGIE NV MEGA STORE SPRL SAY SPRL JBC NV E5 MODE NV NEW VANDEN BORRE NV PARDIS SA MATCH SA POINT CARRE SPRL DFA1-CENTRE FUNÉRAIRE MARCHANT BVBA MOBISTAR NV PROFI SA ALDI GEMBLOUX SA DISTRILED CENTRE BVBA LIDL EURO SHOE GROUP NV CHARLES VOGELE BELGIUM NV CODDS SPRL PIOCHEUR NV CASHALLO SPRL AVEVE NV BRANTANO NV SOCIÉTÉ D'EXPL, DES MAGASINS BOUM LEONARDO SPRL ANISERCO NV MAXI TOYS BELGIUM SA REDISCO BVBA BASSANI SPRL MC DONALD'S BELGIUM INC, JCDECAUX BILLBOARD SA DEVRESSE SA DELHAIZE GROEP FABRIMODE NV ACTION BELGIUM BVBA			
			38,022		3,204,077.40	3,141,585.00	35,400,078.68

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
LIMBURG	**Cluster Genk-Hasseltweg**	Hasseltweg, 3600 Genk		VAN BEUREN INTERIORS BVBA KVIK A/S GOBREL SA TOYCHAMP BELGIUM NV SEATS AND SOFAS NV			
			6,500		534,309.10	548,675.00	5,853,487.04
	Cluster Lanaken	Maaseikersteenweg 197, 3620 Lanaken		AVA PAPIERWAREN NV E5 MODE NV SC RETAIL NV TOYCHAMP BELGIUM NV			
			4,150		334,464.68	352,750.00	5,330,304.00
	Cluster Lommel	Binnensingel 46-54, 3920 Lommel		SPORTSDIRECT,COM BELGIUM LIDL LEEN BAKKER BELGIE NV KREFEL NV			
			6,938		690,268.17	650,785.00	9,336,085.09
	Cluster Tongeren	Luikersteenweg 151, 3700 Tongeren		JBC NV L, TORFS NV ADL CONSULT BVBA PRO-DUO NV EURO SHOE GROUP NV KLEDING VOSSEN NV NEW VANDEN BORRE NV MONASHEE BVBA DREAMLAND NV FABRIMODE NV KRUIDVAT BVBA E5 MODE NV BRANTANO NV C,C,I,T, BVBA GOBREL SA PIOCHEUR NV AVA PAPIERWAREN NV VACANT DELHAIZE GROEP LIDL ACTION BELGIUM BVBA MAXI ZOO BELGIUM BVBA DESCARTO BVBA LEEN BAKKER BELGIE NV DELIEVEC BVBA GROEP L,B,M, BVBA			
			30,930		2,293,693.21	2,799,780.00	37,714,198.90

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Genkersteenweg 160, 3500 Hasselt Genkersteenweg 247, 3500 Hasselt Vredelaan 34, 3530 Houthalen Grote Baan 212, 3530 Houthalen Meylandtlaan 171, 3550 Heusden-Zolder Klokkeplein, 3740 Bilzen Stationsstraat 118, 3920 Lommel		PRIMO STADION NV PIOCHEUR NV CARPETLAND NV GROUP GL JBC NV LIDL RESIDENTIAL			
			8,909		628,544.38	672,124.00	8,016,069.52
Liège	Cluster Blegny-Barchon	Rue Champs de Tignée 4/14/20-34, 4671 Barchon		MAX BARCHON SPRL LES PERES NOIRS SA OPTIC BARCHON SPRL CHAUD DIFFUSION SPRL SAKER-GRECO BRICOBA SA FORSUN SA INGI COIFFURE SPRL JAMAGRE SPRL LA CHINE WOK SPRL CIRCUS BELGIUM SA LA GLISSE 3D MANAGEMENT SPRL SEPTEMBRE 1965 SPRL DELHAIZE GROEP LIDL ATHOME DESIGN SA T,C, BONCELLES SPRL PHILIPPE STEVENS SPRL - DIGITHOME			
			11,871		1,084,870.72	1,068,390.00	14,723,348.85
	Cluster Liège Edge of Town	Boulevard Cuivre et Zinc 1-5, 4000 Liège Boulevard Frankignoul, 4000 Liège Boulevard Froidmont 13-23, 4000 Liège Boulevard Pointcaré 20-26, 4000 Liège		ANISERCO NV PIOCHEUR NV STAR MODE SPRL KREFEL NV MAXI TOYS BELGIUM SA QUICK RESTAURANTS SA LEEN BAKKER BELGIE NV LA GRANDE RECRE BELGIQUE SPRL BURO MARKET NV ALDI VAUX-SUR-SURE SA DISTRILED LIEGE SPRL LEGIO IMMO BELGIUM NV DEV-CREATIONS SA ENGELS LIEGE BVBA			
			14,650		1,244,430.64	1,271,130.00	15,612,101.66
	Cluster Liège-Herstal	Rue des Naiveux 16/24B/40/44, 4040 Herstal Rue des Naiveux 7, 4040 Herstal Rue Arnold Delsupexhe 66B, 4040 Herstal		GOBREL SA L&L RETAIL BELGIUM SA CHARLES VOGELE BELGIUM NV NEW VANDEN BORRE NV REDISCO BVBA AVA PAPIERWAREN NV			
			5,204		634,283.27	616,612.50	4,834,106.52
	Cluster Verviers	Boulevard des Gérardchamps 118, 4800 Verviers Rue de la Station 8, 4800 Verviers		DELHAIZE GROEP GEMEENSCHAP DELHAIZE/ TOM&CO/LEENBAKKER ANISERCO NV LEEN BAKKER BELGIE NV DECATHLON BELGIUM NV MC DONALD'S RESTAURANTS BELGIUM NV SECUREX CORPORATE 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 EGGO SA MAISONS DU MONDE PARFUMERIE ICI PARIS XL SA CHAUSSEA,BEL SPRL L&L RETAIL BELGIUM SA 3D MANAGEMENT SPRL JBC NV DELIMMO SA MAXI ZOO BELGIUM BVBA PAPETERIE,BE SPRL KRUIDVAT BVBA EDCOM SCRL			
			32,287		3,032,134.28	3,013,005.00	44,404,863.94

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Rue Joseph Demoulin 15, 4000 Liège Rue de Chafnay 5-7, 4020 Jupille-sur-Meuse Rue Servais Malaise 29-31, 4030 Grivegnée Rue de Sewage 3, 4100 Seraing Route du Condroz, 4120 Neupré Avenue Laboulle 17, 4130 Tilff Rue de Huy 63, 4280 Hannut Chaussée Romaine S/N, 4300 Waremme Rue Joseph Wauters 25A, 4500 Huy Avenue du Bosquet 3, 4500 Huy Grand Route 502, 4610 Beyne-Heusay Rue du Bay-Bonnet, 4620 Fléron Rue Bureau 56, 4620 Fléron Herbesthalerstraat 154, 4700 Eupen Avenue Reine Astrid 236/242, 4900 Spa Boulevard des Anglais, 4900 Spa Rue du Chalet 95, 4920 Aywaille		ACTION BELGIUM BVBA PROFI SA EURO SHOE UNIE NV VACANT SERAING DISCOUNT POINT CARRE SPRL LIDL GREEN TRADING NV MAGIC VIDEO SA F,B,P, SPRL SINISTRI CHRISTOPHE ZHOU SHAODE ZANIMO SPRL BRANTANO NV BLEU CITRON SPRL ORCHESTRA-PREMAMAN NV DEVRESSE SA ANISERCO NV RESIDENTIAL EURO SHOE GROUP NV			
			22,089		**1,646,744.48**	**1,820,720.00**	**22,527,963.18**
Luxembourg	**Cluster Libramont**	Avenue de Bouillon 54, 6800 Libramont Rue de Neufchâteau 5, 6800 Libramont Rue de Libin 2/2A, 6800 Libramont L'Aliénau 18, 6800 Libramont		PARTY 2000 SPRL MEUBLES DOURET ET FILS BRICO ARDENNE SPRL KREFEL NV AVA PAPIERWAREN NV			
			7,999		**638,673.48**	**645,974.00**	**10,543,727.22**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Cluster Marche-en-Famenne	Avenue de France, 6900 Marche-en-Famenne Chaussée de Liège 13, 6900 Marche-en-Famenne Rue du parc Industriel 5/13, 6900 Marche-en-Famenne		MAXI TOYS BELGIUM SA KVIK A/S ZEEMAN TEXTIELSUPERS NV C&A BELGIE CV DECORAMA SA LEEN BAKKER BELGIE NV JMBA SPRL PIOCHEUR NV BASILE FAMILY SPRL H&M HENNES & MAURITZ SA HEMA BELGIE BVBA EUROVENTES ELECTRO AV NV FOLLOW UP SPRL CIVADIS SA HUBO BELGIE NV			
			15,183		**1,594,754.07**	**1,649,654.00**	**17,900,902.64**
	Individual peripheral retail properties and others	Rue de Marche 104, 6600 Bastogne Avenue de la Gare, 6720 Habay-la-Neuve Rue de la Vallée 100-108, 6780 Messancy Rue de la Girafe 21/25, 6830 Bouillon		JBC NV GB RETAIL ASSOCIATES SA ZEEMAN TEXTIELSUPERS NV MAXI MARKET SPRL GOBREL SA MAKE SPRL ZHAN LI FEN BLUE VISION MESSANCY (A CONSTITUER) ALDI VAUX-SUR-SURE SA OMEGA NV BPOST SA			
			10,779		**805,937.18**	**776,470.00**	**12,408,398.54**
Namur	**Cluster Dinant**	Tienne de l'Europe, 5500 Dinant		BRANTANO NV ELECTRO AV NV LEEN BAKKER BELGIE NV CASSIS SA CHARTEX SA PAREE PIERRE NMD SPRL C&A BELGIE CV			
			5,330		**492,685.33**	**479,700.00**	**6,454,671.73**
	Cluster Gembloux	Campagne d'Enée 1-11, 5030 Gembloux		EGGO SA VANDEN BERGH SA VACANT AVA PAPIERWAREN NV AUGEM SPRL ELECTRO AV NV KRUIDVAT BVBA DEVRESSE SA DISTRILED CENTRE BVBA LIDL			
			8,237		**796,019.04**	**793,540.00**	**11,774,949.48**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Cluster Namur-North	Rue de Sardanson 20, 5004 Bouge Chaussée de Louvain 261, 5004 Bouge Rue Louis Albert 5/6/7, 5020 Champion Chaussée de Louvain 562-564, 5020 Champion		FAST FOOD SPRL SECONDE VIE SPRL 2 HB ANS SPRL C&A BELGIE CV CARREFOUR BELGIUM SA PIOCHEUR NV E5 MODE NV BRANTANO NV SND SA NCD SA ALDI GEMBLOUX SA MAISONS DU MONDE TIAN BAO SPRL			
			14,867		**1,492,586.47**	**1,513,043.00**	**18,749,857.43**
	Cluster Namur-South	Avenue Prince de Liège 114/115/117/120, 5100 Jambes Chaussée de Liege, 5100 Jambes Chaussée de Marche 570, 5101 Erpent		NEW VANDEN BORRE NV BRANTANO NV DEVRESSE SA QUICK RESTAURANTS SA KREFEL NV			
			7,572		**705,547.62**	**719,305.00**	**10,599,272.55**
	Cluster Philippeville	Rue de Neuville, 5600 Philippeville		EURO SHOE GROUP NV C&A BELGIE CV ALDI GEMBLOUX SA			
			2,936		**236,956.27**	**411,040.00**	**275,033.07**
	Cluster Sambreville	Rue Baty des Puissances 1/11/12/27, 5190 Jemeppe-sur-Sambre		BRICO BELGIUM NV BRANTANO NV MAXI TOYS BELGIUM SA SOCIÉTÉ D'EXPL, DES MAGASINS BOUM GOBREL SA BAVAROIS CONCEPT SPRL			
			5,045		**388,471.36**	**454,050.00**	**4,127,677.05**
	Individual peripheral retail properties and others	Ancien Rivage 73, 5020 Malonne Chaussée de Wavre 42B, 5030 Gembloux Avenue Reine Elisabeth, 5300 Andenne Avenue de la Belle Mine 24, 5300 Andenne		ANISERCO NV BRANTANO NV MAXI TOYS BELGIUM SA NEW VANDEN BORRE NV			
			3,227		**328,736.61**	**312,145.00**	**3,878,624.42**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
East Flanders	**Cluster Dendermonde-Mechelsestwg**	Leopold II-laan, 9200 Dendermonde Mechelsesteenweg 35/51/136-138D-140, 9200 Dendermonde Oude Vest 70, 9200 Dendermonde		DELHAIZE GROEP BELLOLI BVBA DISTRI DENDERMONDE-TONGEREN LEEN BAKKER BELGIE NV FUN BELGIUM NV BASIC FIT BELGIE KREFEL NV RESIDENTIAL (VACANT) GAM NV KRUIDVAT BVBA			
			15,037		**1,323,707.64**	**1,654,070.00**	**7,627,022.04**
	Cluster Eeklo	Stationsstraat 76 – Krügercenter, 9900 Eeklo Gentsesteenweg 1A, 9900 Eeklo		VACANT DAMART TSD NV HUNKEMÖLLER BELGIUM NV HANS ANDERS BELGIE BVBA L&L RETAIL BELGIUM SA L,TORFS NV C&A BELGIE CV PRIMO STADION NV LIDL PIOCHEUR NV HEMA BELGIE BVBA NEW VANDEN BORRE NV JBC NV GB RETAIL ASSOCIATES SA FITFORM CHARLES VOGELE BELGIUM NV BRICO BELGIUM NV ELECTRO AV NV BELSAY NV TEAROOM DE KRUGER BVBA BRANTANO NV			
			13,142		**1,365,051.60**	**1,258,495.00**	**18,332,206.90**
	Cluster Ghent-South	Kortrijksesteenweg 1036/1149/1178/1182A/1192B/1200, 9051 Sint-Denijs-Westrem Wallekensstraat 24-28, 9051 Sint-Denijs-Westrem Kortrijksesteenweg 1206, 9051 Sint-Denijs-Westrem		FUN BELGIUM NV AS ADVENTURE NV HEYTENS GDW-GENT BV FINSBURY PROPERTIES NV NEW VANDEN BORRE NV KREFEL NV DEUTSCHE BANK EUROPE GMBH DEVRESSE SA PIOCHEUR NV PRIMO STADION NV CAVRILO NV CARPETLAND NV			
			14,600		**1,675,119.95**	**1,853,914.00**	**21,250,147.44**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Cluster Oudenaarde	Gentstraat 47-67, 9700 Oudenaarde		EXTRA VERTES BVBA C&A BELGIE CV LEEN BAKKER BELGIE NV CHARLES VOGELE BELGIUM NV PIOCHEUR NV ALBERT HEIJN BELGIE NV BAPE BVBA KRUIDVAT BVBA VACANT BPOST SA			
			7,953		**641,097.67**	**636,240.00**	**6,894,024.00**
	Cluster Sint-Niklaas	Parklaan 50/87, 9100 Sint-Niklaas Plezantstraat 268, 9100 Sint-Niklaas Kapelstraat 119, 9100 Sint-Niklaas		GUNGO BVBA ELECTRO AV NV RESIDENTIAL FUN BELGIUM NV ALDI ERPE-MERE NV IMETAM BVBA			
			5,736		**592,749.75**	**568,830.00**	**5,143,659.84**
	Cluster Wetteren	Brusselsesteenweg/ Oosterzelesteenweg, 9230 Wetteren		AMELIM NV ATITA NV JBC NV L,TORFS NV NEW VANDEN BORRE NV SLAAPADVIES BVBA SPORTSDIRECT,COM BELGIUM VERITAS NV RETAIL BELGIE BVBA L&L RETAIL BELGIUM SA REDISCO BVBA ORCHESTRA-PREMAMAN NV C&A BELGIE CV WAMO BVBA			
			10,423		**1,296,201.82**	**1,354,990.00**	**20,734,512.00**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Fratersplein 11, 9000 Gent Brusselsesteenweg 662, 9050 Gentbrugge Maïsstraat 3, 9060 Zelzate Antwerpsesteenweg 84, 9080 Lochristi Brusselsesteenweg 75, 9090 Melle Puitvoetstraat 6B, 9100 Sint-Niklaas Zelebaan 67/79, 9160 Lokeren Oosterzelesteenweg 127, 9230 Wetteren Grote Baan 154, 9250 Waasmunster Brusselsesteenweg 120, 9300 Aalst Gentsesteenweg 442, 9300 Aalst Kwadelapstraat 2, 9320 Erembodegem Nachtegaalstraat 8A, 9320 Erembodegem Brakelsesteenweg 160, 9400 Ninove Astridlaan 38, 9500 Geraardsbergen Provincieweg 266, 9550 Herzele Noordlaan 5, 9630 Munkzwalm Ronseweg 56, 9700 Oudenaarde Astenemolenstraat, 9800 Deinze Kortrijksesteenweg 18, 9830 Sint-Martens-Latem Stationsstraat 162, 9890 Gavere		LIDL POER-VOE BVBA MUYS NV JBC NV DAMART TSD NV BRUYNZEEL KEUKENS NV CARPETLAND NV BRANTANO NV KREFEL NV LEGIO IMMO BELGIUM NV RESIDENTIAL WALAUT NV ALDI ERPE-MERE NV MODEMAKERS FASHION NV OMEGA PLAZA GENT BVBA PROFI SA			
			54,779		**3,891,166.30**	**4,061,406.84**	**56,496,005.89**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
Flemish Brabant	Cluster Brussels South-West	Verlengde Stallestraat 200/Nieuwe Stallestraat 219 , 1620 Drogenbos		AS ADVENTURE NV NEW VANDEN BORRE NV BRANTANO NV			
			4,138		565,939.38	682,770.00	6,723,455.73
	Cluster Halle	Edingensesteenweg 75, 1500 Halle Bergensesteenweg 162/420A/460, 1500 Halle Demaeghtlaan 216-218, 1500 Halle		SC RETAIL NV DEVRESSE SA AVEVE NV BRANTANO NV GEE CONCEPT BVBA BRANTANO NV			
			7,456		519,640.94	721,040.00	6,093,684.21
	Cluster Kampenhout	Mechelsesteenweg 44/46/89(B)-93, 1910 Kampenhout		EURO SHOE GROUP NV FABRIMODE NV NORDEX NV ORCHESTRA-PREMAMAN NV ZEEMAN TEXTIELSUPERS NV PIOCHEUR NV B&C KEUKENS NV			
			4,536		434,610.80	521,640.00	2,107,681.89
	Cluster Leuven-East	Tiensesteenweg 370/393/410, 3360 Korbeek-Lo Tiensesteenweg 1B, 3360 Korbeek-Lo		LOVANIX BVBA SANTANA INTERNATIONAL NV FUN BELGIUM NV ORCHESTRA-PREMAMAN NV			
			5,065		613,346.71	609,960.00	7,507,703.99
	Cluster Sint-Joris-Winge	Aarschotsesteenweg 9, 3390 Sint-Joris-Winge		AS ADVENTURE NV FUN BELGIUM NV BRANTANO NV			
			6,371		810,853.94	774,523.00	12,498,582.95
	Cluster Zaventem	Leuvensesteenweg 350/375, 1930 Zaventem Leuvensesteenweg 8, 1932 Sint-Stevens-Woluwe Jozef Van Damstraat 3C, 1932 Sint-Stevens-Woluwe		CARPETLAND NV VONIKA BVBA E-LOGISTICS NV BELGA FILMS SA PROMO SAPIENS NV DEVRESSE SA SND SA ANISERCO NV SPAR RETAIL NV ZEEMAN TEXTIELSUPERS NV KRUIDVAT BVBA			
			15,461		1,231,686.45	1,238,320.00	17,309,081.56

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Waterloosesteenweg 39, 1640 Sint-Genesius-Rode Ninoofsesteenweg 386, 1700 Dilbeek Assesteenweg 66, 1740 Ternat Schaarbeeklei 115, 1800 Vilvoorde Goudbloemstraat 2-4, 1800 Vilvoorde Waardbeekdreef 6, 1850 Grimbergen Hoogstraat 7/7A, 1930 Zaventem Brusselsesteenweg 4, 3020 Herent Leuvensesteenweg 166-168, 3290 Diest Reizigersstraat 77, 3300 Tienen		CEMEPRO SPRL BRANTANO NV JBC NV DEVOTEC BVBA RESIDENTIAL ALDI CARGOVIL-ZEMST NV LEEN BAKKER BELGIE NV PIOCHEUR NV			
			14,549		1,407,376.47	1,293,465.00	14,798,698.21
Walloon Brabant	Individual peripheral retail properties and others	Avenue Reine Astrid 4-6, 1300 Wavre Rue Pont du Christ 32, 1300 Wavre Rue des Carabiniers, 1300 Wavre Rue du Bosquet 10(A), 1370 Jodoigne Avenue du Centenaire 42, 1400 Nivelles Rue du Tienne à deux vallées 3, 1400 Nivelles Brusselsesteenweg 551, 1410 Waterloo Rue Pierre Flamand 205, 1420 Braine-l'Alleud Grand Route 49, 1435 Corbais		BRANTANO NV PIOCHEUR NV VACANT COUCKE SPRL BRICO BELGIUM NV PARDIS SA CARPETLAND NV ORCHESTRA-PREMAMAN NV CHAUSSURES MANIET SA			
			10,011		995,967.97	1,100,155.00	13,782,855.42

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
West Flanders	Cluster Bruges-North	Sint-Pieterskaai 20-21/32, 8000 Brugge Sint-Pieterszuidstraat en Veemarktstraat, 8000 Brugge		GOBREL SA HEMA BELGIE BVBA DELIX 88 BVBA DEVRESSE SA LIDL EURO SHOE GROUP NV ADL CONSULT BVBA IDEWE VZW DREAMBABY NV LEEN BAKKER BELGIE NV ACTION BELGIUM BVBA OMEGA MAXI ZOO BELGIUM BVBA REDISCO BVBA ZEEMAN TEXTIELSUPERS NV			
			15,717		**1,404,896.73**	**1,467,575.00**	**22,692,550.70**
	Cluster Bruges-East	Maalsesteenweg 42/166/255, 8310 Sint-Kruis		CARPETLAND NV C&A BELGIE CV PICARD BELGIE NV			
			2,484		**318,773.75**	**301,380.00**	**4,603,138.00**
	Cluster Kortrijk-North	Ringlaan 11/32, 8500 Kortrijk Ter Ferrants 1-4, 8520 Kuurne Ringlaan Noord 4, 8520 Kuurne		I & S FASHION NV IMETAM BVBA L,TORFS NV DE MAMBO BVBA VACANT NEW VANDEN BORRE NV LEEN BAKKER BELGIE NV AVA PAPIERWAREN NV ACTION BELGIUM BVBA PRIMO STADION NV CARPETLAND NV			
			13,929		**1,025,037.49**	**1,342,687.00**	**11,178,112.45**
	Cluster Roeselare	Brugsestraat 377, 8800 Roeselare Brugsesteenweg 356A-C/363/508-510/524, 8800 Roeselare		BRICO BELGIUM NV PIOCHEUR NV ANISERCO NV IMETAM BVBA BELGIAN POSTERS SEATS AND SOFAS NV OMEGA NV NEW VANDEN BORRE NV			
			12,903		**1,308,494.12**	**1,277,420.00**	**15,970,936.68**

Province	Cluster	Address	Gross surface (m²)	Tenants	Rental income (EUR)	ERV (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Torhoutsestraat 45, 8020 Ruddervoorde Torhoutsesteenweg 610, 8400 Oostende Biezenstraat 16, 8430 Middelkerke Koninklijke Baan 228, 8670 Koksijde Gentstraat 13, 8760 Meulebeke Vijfseweg, 8790 Waregem Frankrijklaan 2, 8970 Poperinge		MATCH SA IMETAM BVBA ELECTRO AV NV VACANT BRANTANO NV ALDI ROESELARE NV C&A BELGIE CV OMEGA			
			8,646		**682,886.91**	**724,005.00**	**10,118,571.43**

On **31 March 2015**, there are 11 unoccupied retail properties in Wavre, Mechelen, Grivegnée, Neupré (2), Ath, Middelkerke, Kuurne, Oudenaarde and Eeklo (2).

There are also two unlet apartments, in Mechelen and Dendermonde, and one unlet office in Kuurne. Together, they represent 1.22% of the total portfolio.

3. Reports of real estate experts

Report by Cushman & Wakefield

This report covers 329 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 as of 31 March 2015, which covers the portfolio of both Retail Estates and Distri-Land.

We confirm that we carried out this task as independent expert. We also confirm that our valuation was carried out in accordance with the national and international standards and their application procedures, amongst other in the valuation of "GVV" (Belgian Reit) – (According to the present decisions. We preserve ourselves the right to review our valuation in case of modified decisions).

The fair value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. This definition corresponds to our definition of the market value.

The sale of a building is in theory subject to transfer rights collected by the government. This amount depends amongst other on the transfer manner, the profile of the purchaser and the geographical situation of the building. The first two conditions and the amount to pay for the rights is only known when the sale has been concluded. On the basis of a representative sample of the market (between 2003 and 2008) the weighted average of the rights (average transfer costs) equals 2.50% (for goods with a higher value than EUR 2,500,000).

For goods with a value higher than EUR 2,500,000 we obtain a sales value excluding costs corresponding with the real value ("fair value") as set by the international accounting standard IAS 40, by subtracting 2.50% of the investment value. The properties are here considered as a portfolio.

Our investment value is based on the capitalisation with a Gross Yield of the passing rent, taking into account possible corrections like vacancy, step-rents, rent-free periods, etc. The Gross Yield is depending on current output on the investment market, taking into account the location, the suitability of the site, the quality of the tenant and the building on the moment of the valuation.

In order to calculate the investment value of the retail park in Tongeren and the Distri-Land portfolio, we have capitalised its adjusted market rent. It is standard market practice to take into account that no more than 60% of the gap between the actual passing rent and the ERV (estimated rental value) can be bridged in renegotiations. This is the case when the market rent is higher than the actual paid rent. This mainly due to the high legal protection for sitting tenants under Belgian commerce law. When now the market rent (ERV) is under the passing rent however, the highest rent a landlord should hope to achieve is the market rent. Since, being prudent, one should assume that the sitting tenant will use the break to negotiate his rent downward and bring it in line with the market.

The portfolio of **Immobilière Distri-Land nv** has as at **31.03.2015** an **investment value (corrections incl.)** of **EUR 19.55 million** and a **fair value** of **EUR 19.08 million**.

The investment value, in absolute terms, increased with **14.92%**. This gives a **yield** of **6.10%** for Immobilière Distri-Land nv.

We obtain an **investment value (corrections incl.)** as at **31.03.2015** for the portfolio[3] of **EUR 451.51 million** and a **fair value** of **EUR 440.49 million**. On the basis of the investment value, the portfolio increases in absolute terms with **1.28%** compared to 31.12.2014. Thanks to the new contracts signed at significant higher rents the investment value of the Distri-Land portfolio increased and this led to a higher investment value of the entire portfolio."

Report by CBRE

The CBRE report, dated 31 March 2015, is a report on 225 real estate properties belonging to Retail Estates nv and its subsidiaries. The **investment value** of these real estate properties is estimated at **EUR 377.19 million** and the **fair value** at **EUR 367.99 million**. These properties represent a **collectable rent** of **EUR 25.54 million**, which represents a **gross yield** of **6.71%**.

3 Portfolio : Retail Estates nv + Immobilière Distri-Land nv + Tongres + Frun Park Wetteren nv + Gentpoort nv

Financial report

"The reinforcement of the company's registered capital for the fourth time allows further growth of the company."

Retailpark Frunpark, Wetteren

1. A. Consolidated income statement

INCOME STATEMENT (in € 000)	Notes	31.03.15	31.03.14
Rental income	1	53,191	47,689
Rental related expenses	2	-485	-666
Net rental income		**52,706**	**47,024**
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties	3	5,312	5,002
Rental charges and taxes normally payable by tenants on let properties	4	-5,632	-5,222
Other rental related income and expenses		-51	-43
Property result		**52,334**	**46,761**
Technical costs	5	-1,466	-1,276
Commercial costs	6	-239	-230
Charges and taxes on unlet properties	7	-135	-122
Property management costs	8	-1,518	-1,417
Other property charges	9	-4	0
Property charges		**-3,362**	**-3,044**
Operating property result		**48,972**	**43,716**
Operating corporate costs	10	-2,888	-2,400
Other current operating income and expenses			
Operating result before result on portfolio		**46,084**	**41,316**
Result on disposals of investment properties	11	479	236
Result on sales of other non-financial assets			
Changes in fair value of investment properties	12	6,131	3,260
Operating result		**52,694**	**44,812**
Financial income	13	181	260
Interest charges	14	-17,269	-16,012
Other financial charges	15	-39	-36

WINST- EN VERLIESREKENING (in duizenden €)	Notes	31.03.15	31.03.14
Financial result		**-17,128**	**-15,787**
Result before taxes		**35,566**	**29,025**
Taxes	16	-328	-457
Net result		**35,238**	**28,568**
Attributable to:			
Shareholders of the Group		35,238	28,568
Minority interests			
Note:			
Net current result (share Group)[1]		**28,628**	**25,072**
Result on portfolio		6,610	3,496

RESULT PER SHARE	Notes	31.03.15	31.03.14
Number of ordinary shares in circulation	17	7,559,473	7,290,411
Weighted average number of shares	17	7,381,081	6,930,195
Net profit per ordinary share (in EUR)[2]		4,77	4,12
Diluted net profit per share (in EUR)		4,77	4,12
Profit available for distribution per share (in EUR)[3]		3,81	3,47
Net current result per share (in EUR)[4]		3,88	3,62

1 The net current result is calculated as follows: net result excluding changes in fair value of investment properties and exclusive the result on disposal of investment properties.
2 The net profit per ordinary share is calculated as follows: the net result divided by the weighted average number of shares.
3 Based on the number of shares in circulation.
4 The net current result per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, the net current result per share amounts to EUR 3.79 at 31.03.2015 versus EUR 3.44 at 31.03.2014.

1. B. Consolidated statement of other comprehensive income

Statement of other comprehensive income (in € 000)	31.03.15	31.03.14
Net result	35,238	28,568
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	-2,474	-2,623
Changes in the fair value of cash-flow hedges	-705	6,210
COMPREHENSIVE INCOME	**32,059**	**32,155**

2. Consolidated balance sheet

ASSETS (in € 000)		31.03.15	31.03.14
Non-current assets		**837,602**	**746,245**
Goodwill			
Intangible non-current assets		120	26
Investment properties[5]		837,121	745,916
Other tangible non-current assets		357	297
Financial non-current assets			
Trade receivables and other non-current assets		5	5
Current assets		**9,837**	**9,620**
Non-current assets or groups of assets held for sale		4,819	4,385
Trade receivables		1,168	725
Tax receivables and other current assets		1,399	1,899
Cash and cash equivalents		1,469	2,189
Deferred charges and accrued income		982	421
TOTAL ASSETS		**847,439**	**755,865**

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	31.03.15	31.03.14
Shareholders' equity		**381,212**	**356,524**
Shareholders' equity attributable to the shareholders of the parent company		**381,212**	**356,524**
Capital	27	166,902	160,962
Issue premiums	28	101,839	93,095
Reserves		77,233	73,900
Net result of the financial year		35,238	28,568
Minority interests			
Liabilities		**466,227**	**399,341**
Non-current liabilities		379,217	365,825
Provisions		82	102
Non-current financial debts	35	340,379	327,677
Credit institutions		310,631	327,677
Other non-current financial liabilities		29,748	0
Other non-current liabilities	31	38,756	38,046
Current liabilities		87,010	33,516
Current financial debts	35	57,209	22,421
Credit institutions		57,209	22,421
Trade debts and other current debts	32	10,024	7,992
Other current liabilities	33	15,367	86
Accrued charges and deferred income	34	4,410	3,017
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**847,439**	**755,865**

DEBT RATIO	31.03.15	31.03.14
Debt ratio[6]	51.54%	49.10%

NET ASSET VALUE PER SHARE (in €) – SHARE GROUP	31.03.15	31.03.14
Net asset value per share IFRS[7]	50.43	48.90
Net asset value per share EPRA8	53.68	52.18
Net asset value per share excl. dividend excl. IAS 39[9]	53.34	51.70

5 Including development projects (IAS 40).
6 The debt ratio is calculated as follows: obligations (excluding provisions, accrued charges and deferred income, financial instruments and deferred taxes), divided by the total assets (excluding financial instruments).
7 The net asset value per share IFRS (fair value) is calculated as follows: shareholders' equity (attributable to shareholders of the parent company) divided by the number of shares.
8 The net asset value per share EPRA (fair value) is calculated as follows: shareholders' equity (excluding changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS) divided by the number of shares.
9 The net asset value per share excl. dividend excl. IAS 39 (investment value) is calculated as follows: shareholders' equity (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, exclusive changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

3. Consolidated statement of changes in shareholders' equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in € 000)	Capital ordinary shares	Issue premiums	Reserves*	Net result of the financial year	Minority interests	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2013	**129,389**	**52,857**	**57,760**	**29,582**		**269,588**
- Net appropriation of profits 2013-2014						
- Transfer of portfolio result to reserves			8,579	-8,579		0
- Transfer of net current result to reserves			4,145	-4,145		0
- Reclassification between reserves						0
- Dividends of the financial year 2012-2013				-16,858		-16,858
- Capital increase	32,699	39,601				72,300
- Capital increase through contribution in kind	540	636				1,176
- Minority interests						0
- Costs of capital increase	-1,667					-1,667
- Other			-171			-171
- Total result 31/03/2014			3,587	28,568		32,155
Balance according to IFRS on 31 March 2014	**160,961**	**93,094**	**73,900**	**28,568**		**356,523**
- Net appropriation of profits 2014-2015						
- Transfer of portfolio result to reserves			3,260	-3,260		0
- Transfer of net current result to reserves			3,437	-3,437		0
- Reclassification between reserves						0
- Dividends of the financial year 2013-2014				-21,871		-21,871
- Capital increase						0
- Capital increase through contribution in kind	6,054	8,744				14,798
- Minority interests						0
- Costs of capital increase	-113					-113
- Other			-185			-185
- Total result 31/03/2015			-3,179	35,238		32,059
Balance according to IFRS on 31 March 2015	166,902	101,838	77,233	35,238	0	381,212

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2013	**420**	**76,775**	**9,431**	**-15,763**	**-30,092**	**16,989**	**57,760**
- Net appropriation of profits 2013-2014							
- Transfer of portfolio result to reserves		8,579					8,579
- Transfer of net current result to reserves						4,145	4,145
- Reclassification between reserves	17	-248	248	171		-188	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other		1,820	-1,820	-171			-171
- Total result 31/03/2014				-2,623	6,210		3,587
Balance according to IFRS on 31 March 2014	**437**	**86,926**	**7,859**	**-18,386**	**-23,882**	**20,946**	**73,900**
- Net appropriation of profits 2014-2015							
- Transfer of portfolio result to reserves		3,260					3,260
- Transfer of net current result to reserves						3,437	3,437
- Reclassification between reserves	3	-1,429	1,244	185		-3	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other	-29			-185		29	-185
- Total result 31/03/2015				-2,474	-705		-3,179
Balance according to IFRS on 31 March 2015	411	88,757	9,103	-20,860	-24,587	24,409	77,233

4. Consolidated cash-flow statement

CASH-FLOW STATEMENT (in € 000)	31.03.15	31.03.14
GELDMIDDELEN EN KASEQUIVALENTEN BEGIN BOEKJAAR	**2,188**	**1,879**
1. Cash-flow from operating activities	**33,332**	**4,685**
Operating result	52,693	44,812
Interest paid	-16,449	-16,194
Interest received	34	113
Corporate taxes paid	-3,748	-9,613
Estimated corporate tax		
Other	-587	249
Non-cash elements to be added to / deducted from the result:	**-6,487**	**-3,369**
* Depreciations and write-downs		
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets	146	163
- Depreciation / Write-downs (or write-backs) on trade receivables	-3	
* Other non-cash elements		
- Changes in the fair value of investment properties	-6,130	-3,260
- Profit on disposal of investment properties	-479	-236
* Other	-21	-37
Change in working capital requirements:	**7,876**	**-11,313**
* Movement of assets		
- Trade receivables and other receivables	-424	1,034
- Tax receivables and other current assets	502	-814
- Deferred charges and accrued income	-544	-82
* Movement of liabilities		
- Trade debts and other current debts	-8,065	-1,244
- Other current liabilities	15,294	-10,958
- Accrued charges and deferred income	1,113	751

(in € 000)	31.03.15	31.03.14
2. Cash-flow from investment activities	**-59,562**	**-56,061**
Purchase of intangible assets	-114	-9
Purchase of investment properties	-58,667	-28,968
Disposal of investment properties and assets held for sale	7,793	7,214
Acquisition of shares of real estate companies	-15,081	-34,226
Disposal of shares of real estate companies	6,691	
Purchase of other tangible assets	-204	-69
Disposal of other tangible assets	20	
Disposal of non-current financial assets		
Income from trade receivables and other non-current assets		-2
3. Cash-flow from financing activities	**25,511**	**51,685**
* Change in financial liabilities and financial debts		
- Increase in financial debts	126,945	26,203
- Decrease in financial debts	-79,455	-28,191
* Change in other liabilities		
- Increase (+) / Decrease (-) in other liabilities	5	-102
- Increase (+) / Decrease (-) in minority interests		
* Change in shareholders' equity		
- Capital increase and issue premiums	-113	72,301
- Costs of capital increase		-1,667
* Dividend		
- Dividend for the previous financial year	-21,871	-16,858
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**1,469**	**2,188**

“

REINFORCEMENT OF THE COMPANY'S REGISTERED CAPITAL

For the fourth time since its listing on Euronext in March 1998, the company is giving all of its shareholders the opportunity to share in the growth of the company and its profitability. The proceeds will be invested in the growth of the real estate portfolio and reducing debt.

Financial report

1. Notes to the consolidated annual accounts

General company information

Retail Estates nv is a public RREC (Regulated Real Estate Company – "Belgian REIT") governed by 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 2015 comprise the company and its subsidiaries (the "Group"). The annual accounts were approved for publication by the board of directors on 27 May 2015 and will be submitted for approval to the annual shareholders' meeting on 3 July 2015.

Important principles for financial reporting

Statement of conformity

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

Determining the fair value of the investment properties in accordance with IAS 40, the independent real estate expert deducts an estimated amount of transfer rights and costs from investment properties. The impact on the fair value of investment properties as a result of these estimated transfer rights and costs in case of a hypothetical disposal of investment properties is processed directly in the shareholders' equity on the account "Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties", as explicitly provided by the aforementioned legislation. During the financial years ending on 31 March 2015 and 31 March 2014, the respective amounts of EUR 2.47 million and EUR 2.62 million were recognised directly in the shareholders' equity in this account.

Application of IFRS 3 Business Combinations

Corporate transactions of the past financial year were not processed as business combinations such as required under IFRS 3 definition, based on the conclusion that this definition is not applicable, given the nature and the size of the acquired companies. The companies in question own a limited number of properties which are not intended to be kept on as independent businesses. The companies are fully consolidated. We refer for this matter also to note 42.

New or amended standards and interpretations, applicable in 2014

The following standards, amended by the IASB, and the following interpretations 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:

- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: *Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)

New or amended standards and interpretations not yet in force

For the following amendments, which will be applicable as of next year or afterwards, the impact on the presentation, the notes or the financial results of the Group is still being examined:

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)

- IFRS 15 *Revenue from Contracts with Customers* (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 *Employee Benefits - Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 *Separate Financial Statements - Equity Method* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRIC 21 *Levies* (applicable for annual periods beginning on or after 17 June 2014)

Presentation principles

The financial information is drawn up in EUR, and is rounded off to the nearest thousand. The companies of the Group also do their accounting in 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, whereby the necessary eliminations are carried out.

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

In order to apply the full consolidation method to certificates one is, in addition to controlling the issuing company, also required to own 75% of the number of certificates issued. In this case, a debt is acknowledged, for the real estate certificates not owned by the company to the holders of certificates.

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 conversion of monetary assets and liabilities into foreign currencies, are booked in the income statement in the period in which they occur. Non-monetary assets and liabilities in foreign currencies are converted at the exchange rate valid on the transaction date.

Financial derivatives

Fair value hedge accounting

The Group uses financial derivatives (interest rate swaps) to hedge against interest rate risks arising from operational, financial and investment activities. Derivative financial products are initially valued at their cost price and revalued to their fair value on the subsequent reporting date.

After the initial recognition, the 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, whereby the prevailing interest rate and the credit risk of the counterparties involved are also taken into account.

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 value change of the financial interest rate derivative that has been recognised as an effective hedge, is posted directly to equity under "Changes in the fair value of financial assets and liabilities". The ineffective part of the financial interest rate derivative is recognised in the income statement.

Goodwill

In accordance with IFRS 3, goodwill is not amortised, but subjected to an annual impairment loss test.

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. Also the exit tax, owned by companies over which the public RREC acquires direct or indirect control, is in principle deducted from the value of the underlying property, given that it is 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 RREC (as decided by the board of directors). The commissions related to the acquisition of the buildings are regarded as additional costs of the acquisition and are added to the acquisition cost.

Valuation after initial recognition

At the end of each quarter, an independent real estate expert provides an exact assessment of the following items:

- the investment properties, the investment properties by destination, and the rights in rem over investment properties held by Retail Estates nv or, where appropriate, by a subsidiary it controls;
- the option rights over real properties held by Retail

Estates nv or, where appropriate, by a subsidiary it controls, as well as the investment properties to which these rights apply;
- the contract rights by which one or more real property assets are leased to Retail Estates nv or, where appropriate, to a subsidiary it controls, as well as the underlying real property assets.

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 regulated real estate companies (according to the provisional decrees, the experts reserve the right to adapt the valuation in the event of any amendments to the decrees). The fair value is defined as the most likely value that can be reasonably obtained between knowledgeable and willing parties in normal selling conditions. Subsequently, a transfer-tax estimate is deducted from this value. Therefore, the fair value of the asset is obtained in this way, in accordance with the provisions of IAS 40. The estimated amount of transfer taxes is valued at a flat rate set at 2.50% (see note 21 – Investment properties) and is immediately transferred from the acquisition value on the reserve "impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties".

Any gains or losses resulting from the fluctuation in the fair value of an investment property are recognised in the income statement in the period in which they occur and, at the appropriation of profit, assigned to the reserves for the balance of variations in the fair value of real estate properties.

Expenditure for works on investment properties

The expenditure for works on investment properties is charged to the operating property result if the expenditure has no positive effect on the expected future economic benefits, and is capitalised if it substantially increases the expected economic benefits that it brings to the entity. In principle, there are two major types of expenditure:

a) the costs of maintenance and repairs to roofs and parking areas: these are charged to the operating property result;
b) costs of major transformation and renovation works: transformations are one-off 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 are 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). Work which is still to be done is deducted from the valuation; once it has been done, these costs are capitalised and thus added to the fair value of the investment properties.

Disposal of an investment property

The gains or losses realised from the sale of an investment property are classified as "Result from sales of investment properties" 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. The transfer taxes of up to 2.50% (see note 21 – Investment properties) are transferred from "impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties" to available reserves.

Project developments

Under the revised IAS 40 standard, project developments are included in the investment properties. If purchased, they are valued against the acquisition value, including incidental costs and non-deductible VAT.

After the initial recognition, the projects are valued at fair value if they are contracted, licensed and rented. This fair value is based on the valuation by the real estate expert after deducting the work that is still to be performed.

A project can relate to a plot of land, a building to be demolished, or an existing building whose purpose is to be changed, requiring considerable renovation work to realise the desired purpose.

Other tangible non-current assets

The tangible non-current assets other than land and buildings, whose use 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%

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 carrying amount is compared with the realisable value.

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

When other tangible non-current assets are sold or retired, their carrying amount ceases to be recognised in the balance sheet and the gain or loss is recognised in the income statement.

Trade receivables and other non-current assets

Non-current receivables are valued on the basis of the interest rates that apply on the date of acquisition. A write-down is entered 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 are entered, on the closing date, at the weighted average quoted price during the preceding 30 days, and classified as "Non-current financial assets".

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 aforementioned rule does not apply. 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 2015, only applicable to the "Distri-Land" 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 function of:

a) the fair value of the real properties owned by the issuer, similar to the valuation of the company's own real properties. This occurs 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 the 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 issuance of the real estate certificate.

Retail Estates nv only invests in certificates issued for the financing of peripheral retail properties. The real estate owned by the issuer is the type of peripheral retail properties 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 an investment in real estate pursuant to Article 2, sub. 5°, x, of the RREC Law of 12 May 2014.

Taking these considerations into account, the certificates are classified as investment properties at their acquisition value, including additional expenses. Gains or losses that result from the fluctuation in the fair value of investment property are recognised in the income statement and incorporated in the period in which they arise and, at the appropriation of profits, assigned to the reserves available for distribution. On 31 March 2015, the value of the investment properties related to the Distri-Land certificates amounts to EUR 15.08 million (EUR 13.10 million on 31 March 2014) compared to a total portfolio of EUR 837.12 million.

Processing of coupons

1. Processing of 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. This result is realised by the issuer and 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 a compensation for any reduction in value of the issuer's buildings. For this reason, the entire coupon is treated as net rental income and is classified as turnover.

2. Processing of the liquidation balance on the sale of real estate

Whenever a particular property in the issuer's portfolio is sold, it is treated as follows:

the net proceeds, after retention of any tax withholding liability, are recognised as realised capital gain in Retail Estates nv's accounts only for the difference between the fair value of the real estate certificate on the closing date plus the net liquidation coupon, and the fair value on the previous closing date. The fair 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. Gains or losses that result from the fluctuation in the fair value of investment property are recognised in the income statement and incorporated in the period in which they arise, and at the appropriation of profits are assigned to the reserves available for distribution.

Non-current assets or groups of assets held for sale

This concerns real estate for which the carrying amount 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 the investment value less the transfer taxes.

Current assets

The receivables expected within one year are recognised at their 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. The third-party charges that are directly attributable to the issuance of new shares are deducted from the shareholders' equity. When share capital recognised as equity is repurchased by Retail Estates nv, the paid amount, including directly attributable costs, is recognised as change in shareholders' equity. Purchased own shares are presented as a decrease in the total shareholders' equity.

Dividends are only recognised as a debt when they have been 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;
- it is probable that an outflow of funds will be required to settle the commitment; and
- the amount of the commitment can be reliably estimated.

Trade debts are presented at their nominal value on balance sheet date. Interest-bearing borrowings are initially recognised at cost price less the transaction costs. Subsequently the interest-bearing borrowings are valued on the basis of the effective interest rate method, whereby each difference between the initial book value and the redemption value is recognised as interest cost in the income statement over the term of the loan.

Put options on minority participations in subsidiaries

The Group has written put options relating to certain minority participations 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 at a fixed date.

In accordance with IAS 32, the Group has recognised a financial liability regarding these put options. Initially, the liabilities have been recognised for the cash value of the purchase amount as a reduction of the minority participation. The subsequent changes of the fair value of the liability are recognised through profit or loss, in accordance with IAS 39 (variations in the fair value of investment properties). The Group's share in the operational profit and loss is determined on the basis of the Group's participation in the subsidiary and is adapted on the basis of the changes of the value of the liability.

Personnel benefits

Retail Estates nv provides a defined contribution pension scheme for its employees and managing director. This scheme is entrusted to a fund that is independent from the company.

Contributions paid during the financial year are recognised as expenses.

Property result

The net rental result includes the rent, operating lease income and other incomes related to the aforementioned sources of income, minus the rent-related expenses, i.e., the negative variation in the fair value of buildings and the rent payable on leased assets.

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

The charges and taxes normally 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 entered into the income statement using the straight-line method in the periods to which it refers.

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 using the straight-line method of the period to which they refer.

The technical costs include, among other things, structural and occasional maintenance costs and losses resulting from damage 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 cover the fixed operating costs of the company, which operates as a legal entity that is listed on the stock market end benefits from the RREC 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 of participating indirectly, in a liquid manner, in a diversified real estate investment. A 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 the income from investments.

Income tax

Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the income statement, except when related to items recognised directly to shareholders' equity, in which case it is recognised in shareholders' equity. Current tax is the expected tax payable on the taxable income for the year, and any adjustment to the tax payable for previous years.

Exit tax

Exit tax is a corporate tax on the capital gain that arises following the merger of an RREC with a company that is not an RREC. When this company first enters the consolidation scope of the Group, a provision for exit tax liabilities is recorded simultaneously with a re-evaluation gain on the property corresponding to the market value of the property upon merger date.

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 this 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.

Financial risk management

Interest rate risk

46.92% of the Group's net assets is funded by interest-bearing debts, which makes the company subject to an interest rate risk. This risk is limited as much as possible through the pursuing of a policy of caution. The majority of the financial debts are concluded at a fixed interest rate, or at a variable interest rate that is hedged against interest rate rises by means of interest rate swaps.

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 six years. The diversification of financing over various banks limits the Group's liquidity risk. The Group concludes 94.71% 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. Furthermore, rental arrears are carefully monitored by Retail Estates nv. In case of non-payment, the company generally holds a bank guarantee.

For more details, we refer to notes 35, 36 and 37.

Segmented information

Since peripheral retail properties constitute more than 90% of the portfolio of Retail Estates nv, a breakdown by business segment is not relevant. The board of directors does not use any other segment to make its decisions.

Additional comments on the debt ratio development

Principle

Article 24 of the RREC R.D. of 13 July 2014 requires public RRECs to establish a financial plan with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The financial plan describes the measures to be taken to prevent the consolidated debt ratio from exceeding 65% of consolidated assets.

A separate report on the financial plan is prepared by the auditor, conforming that the latter has verified the method of drawing up the plan, particularly as regards the economic bases, and that the figures contained in this plan concur with the accounts of the public RREC.

The general guidelines of the financial plan are included in the annual and half-yearly financial reports. The annual and half-yearly financial reports will describe and justify how the financial plan has been implemented during the period under review and how the public RREC will implement the plan in the future.

Notes 2014-2015

Historical evolution of the debt ratio

Since 2008-2009, the debt ratio of Retail Estates nv has risen above 50%. In the aforementioned financial year, the debt ratio was 56%, subsequently remaining stable at around 53%. In 2014, the debt ratio decreased at a level under 50% as a result of the capital increase, to rise above 50% again as from 30 September 2014. Throughout its history, the Retail Estates nv's debt ratio has never exceeded 65%.

Long-term evolution of the debt ratio

The board of directors considers a debt ratio of 55% ideal for the shareholders of the RREC in terms of the return and the current earnings per share. The impact of every investment on the debt ratio is reviewed and if necessary the investment is not carried out if it has a negative influence on the debt ratio.

Based on the current debt ratio of 51.54%, Retail Estates nv has an investment potential of EUR 325.83 million without exceeding as such a debt ratio of 65%, and an investment potential of EUR 179.17 million without exceeding a debt ratio of 60%.

Short-term evolution of the debt ratio

Every quarter, the board of directors is presented with a prognosis of how the debt ratio will evolve during the following quarter. The board also discusses any deviations which may have occurred between the estimated and actual debt ratio during the previous quarter.

Taken into account the planned investments and the budgeted profit forecast for the first quarter of the financial year 2015-2016 and the capital increase for an amount of EUR 76.21 million, the debt ratio should amount to 41.87% on 30 June 2015. Taken into account the profit forecast for the full year and the dividend payment for the financial year 2014-2015, the debt ratio should amount to 42.80% on 31 March 2016.

In April 2014, Retail Estates nv acquired the control over the company Mijn Retail nv, which develops a project in Beringen (also refer to note 42). In the course of the financial year 2014-2015, the required permits were obtained and the construction works started. On 31 March 2015, an amount of EUR 3.26 million was invested in the construction of these retail properties. The total investment will consist of the completed works on the one hand, and the settlement of the variable price regarding the Mijn Retail shares on the other hand. The investment works that still need to be carried out are estimated at EUR 8.41 million and the variable price is depending on the evolution of the lettings. In accordance with the valuation rules, these projects are valued at the fair value after deduction of the works that still need to be carried out. Debt ratio prognosis takes into account the total investment. As of 31 December 2012, the balance sheet has been drawn up on the assumption that all minority interests are acquired (in accordance with IFRS), irrespective of the timing of such acquisition and on the assumption that such acquisition is paid in cash. This reflects the maximum debt ratio on the basis of the available information and the development stage of the projects.

The projection of the debt ratio only takes into account acquisitions and disposals in respect of which a private agreement has been signed, and investments that are planned and contracted out. Credits to expire are supposed to be refinanced for the same amount.

Other elements that influence the debt ratio

The valuation of the real estate portfolio also has an impact on the debt ratio. Considering the current capital basis, the maximum debt ratio of 65% would be exceeded in the event of a reduction in the fair value of investment properties of more than EUR 175.45 million. This reduction in value could be the result of an increase in the yield (if the rental values remain unchanged, the yield would have to increase by 1.90% in order to exceed the debt ratio) or a reduction in rents (if the yield remain unchanged, the rents would have to drop by EUR 11.93 million). Historically, the fair value of the real estate portfolio has always risen or was at least stable. There are currently no indications in the market to assume an increase in the yield.

In the event that substantial value reductions occur that cause the debt ratio to exceed 65%, Retail Estates nv can sell a number of its properties. Retail Estates nv has a solid track record with regard to selling properties at their estimated investment value. In the past financial year, 9 retail properties were sold for a net selling price of EUR 8.08 million, and the company Belgium Retail 1 Luxembourg sàrl was sold for EUR 8.22 million. Globally speaking, these properties were sold at the estimated investment value.

Conclusion

Retail Estates nv is of the opinion that, based on

- the historical evolution of the public RREC,
- the het track record of disposals, and
- the capital increase that has just been completed,

no additional measures need to be taken to prevent the debt ratio exceeding 65%. It is the intention of the public RREC to maintain the debt ratio between 50% and 55%. This level is evaluated regularly and will be reviewed by the board of directors if deemed necessary in the light of changing market and influencing factors.

2. Other notes

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

Note 1

Rental income (in € 000)	31.03.15	31.03.14
Rent	52,034	46,834
Guaranteed income		
Operational lease income	1,157	855
Rental discounts		
Rental benefits ('incentives')		
Fees for early terminated rental agreements		
Total rental income	**53,191**	**47,689**

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

The following table shows by way of theoretical exercise how much rental income Retail Estates nv is certain to receive based on the current leases.

(in € 000)	31.03.15	31.03.14
Within one year	55,068	50,795
Between one and five year(s)	186,463	177,751
Within more than five years	326,908	309,338

This does not alter the theoretical risk of all lessees making use of their legal right of cancellation at the end of the current three-year period. In this circumstance, all the premises would by definition be empty within 3 years and 6 months. For the past three years, leases were renewed or new leases were concluded for 21.33% of the buildings. For this part of the portfolio, the average rental prices increased from EUR 74.78 to EUR 93.07 per m². The granting of rent-free periods is rather rare in the market of peripheral retail properties. In the past three years, and out of a portfolio of 554 properties, a total of 114 months of rent-free periods was granted, which is negligible. Besides rent-free periods, no other material incentives are given when closing lease agreements.

Rental agreement type

The Group concludes commercial rental contracts for its buildings, for a minimum period of 9 years, which, in most cases, can be terminated after the expiry of the third and the sixth year, subject to a 6 months' notice prior to expiry date. The rents are usually due in advance on a monthly basis (sometimes quarterly). They are indexed annually, on the anniversary of the rental agreement. Taxes and levies, including property tax, the insurance premium, and the common charges, are, in principle, borne by the tenant. To guarantee compliance with the obligations imposed on the tenant by virtue of the agreement, some tenants must provide a rental guarantee, usually in the form of a bank guarantee, worth three months rent.

At the start of the agreement, an inventory of fixtures is drawn up between the parties, by an independent expert. At the expiry of the agreement, the tenant must return the leased premises in the state described in the inventory of fixtures on taking up the occupancy, subject to normal wear and tear. The tenant cannot transfer the rental agreement or sublet the premises fully or partially, unless prior written permission is obtained from the lessor. The tenant must register the agreement at his/her/its own expense.

Note 2

Rental-related expenses (in € 000)	31.03.15	31.03.14
Rent payable for hired assets and lease costs	-488	-510
Write-down on trade receivables	3	-156
Total rental-related expenses	**-485**	**-666**

Note 3

Recovery of charges and taxes normally payable by tenants on let properties (in € 000)	31.03.15	31.03.14
Recharging of costs payable by tenants on let properties	1,204	2,022
Recharging of real estate taxes and taxes on let properties	4,107	2,980
Total recovery of charges and taxes normally payable by tenants on let properties	**5,312**	**5,002**

Note 4

Charges normally payable by tenants on let properties (in € 000)	31.03.15	31.03.14
Charges borne by the owner	-1,450	-2,217
Real estate taxes and taxes	-4,182	-3,005
Total charges normally payable by tenants on let properties	**-5,632**	**-5,222**

The standard rental agreements usually provide for these expenses and taxes to be borne by the tenants, by means of charges forwarded by the owner. A number of the Group's rental agreements state, however, that taxes remain payable by the owner.

This classification principally includes the costs of property tax, insurance and utilities.

Note 5

Technical costs (in € 000)	31.03.15	31.03.14
Recurrent technical costs	-1,151	-1,095
Structural maintenance	-1,151	-1,095
Non-recurrent technical costs	-315	-180
Occasional maintenance	-308	-172
Claim events covered by insurance companies	-797	-86
Compensations received from insurance companies	791	78
Total technical costs	**-1,466**	**-1,276**

Structural maintenance principally covers the regular renovation of car parks and roofs. Occasional maintenance, on the other hand, mainly includes unforeseeable costs for the structure of the let premises, as a result of wear and tear, uninsured accidents and vandalism.

Note 6

Commercial costs (in € 000)	31.03.15	31.03.14
Brokers' commissions	-79	-74
Marketing costs related to properties	-74	-9
Lawyers' fees and legal costs	-48	-82
Other	-37	-65
Total commercial costs	**-239**	**-230**

Note 7

Charges and taxes on unlet properties (in € 000)	31.03.15	31.03.14
Vacancy charges of the financial year	-68	-38
Property tax on vacant buildings	-67	-84
Total charges and taxes on unlet properties	**-135**	**-122**

The costs and taxes relating to unlet buildings include buildings that are vacant for a limited period of time in the context of a changeover between tenants, and properties under development (mainly property tax). On 31 March 2015, the cost for vacant property was 0.25% of the rental income received, equal to the cost on 31 March 2014. Historically, the property rates have never been lower than 98%.

Note 8

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

These costs mainly include the costs for the personnel responsible for this activity, the operating costs of Retail Estates nv's principal place of business and fees paid to third parties. Management fees received from the tenants, which cover partially the management costs of the real estate, are deducted.

Management costs (in € 000)	31.03.15	31.03.14
Office charges	-93	-91
IT	-51	-51
Other	-41	-40
Housing costs	-61	-52
Fees to third parties	-241	-224
Public relations, communication and advertising	-11	-3
Personnel expenses	-1,071	-1,017
Salaries	-722	-612
Social security	-168	-127
Pensions and collective insurances	-34	-35
Other	-147	-244
Management fees received from tenants	23	53
Taxes and legal costs		
Depreciation charges on office furniture, IT equipment and software	-65	-83
Total property management costs	**-1,518**	**-1,417**

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

(in FTE)	31.03.15	31.03.14
Property department	7.33	6.04
Total	17.10	14.10
Average	16.40	13.60

Note 9

Other propery charges (in € 000)	31.03.15	31.03.14
Other property charges	-4	0
Total other property charges	**-4**	**0**

Note 10

The corporate operating costs cover the fixed operating costs of the company, which operates as a legal entity that is listed on the stock market and benefits from the RREC 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 of participating indirectly, in a liquid manner, in a diversified real estate investment. 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 € 000)	31.03.15	31.03.14
Office charges	-115	-111
IT	-71	-68
Other	-45	-43
Housing costs	-74	-69
Fees to third parties	-379	-258
Recurrent	-129	-137
- Lawyers		
- Auditors	-121	-131
- Other	-8	-6
Non-recurrent	-87	-89
- Lawyers	-13	-19
- Notary costs	-3	-32
- Consultants	-71	-37
Mergers and acquisitions (other than business combinations)	-163	-32
Public relations, communication and advertising	-49	-48
Personnel expenses	-836	-773
Salaries	-449	-417
Social security	-159	-142
Pensions and collective insurances	-44	-77
Other	-184	-137
Renumeration of board of directors	-201	-220
Taxes and legal costs	-1,234	-921
Total operating costs	**-2,888**	**-2,400**

Note 11

Result on disposals of investment properties (in € 000)	31.03.15	31.03.14
Book value of sold real estate properties	14,662	7,214
Net sales price of investment properties (sales price - transaction costs)	15,141	7,450
Total benefit or loss on disposals of investment properties	**479**	**236**

In the past financial year, 9 retail properties were sold for a net selling price of EUR 8.08 million, and the company Belgium Retail 1 Luxembourg sârl was sold for EUR 8.22 million. Overall, the sales proceeds are in line with the investment values assessed by the real estate expert and are, therefore, higher than the fair value established by the real estate expert.

Note 12

Changes in fair value of investment properties (in € 000)	31.03.15	31.03.14
Positive change in investment properties	9,698	5,855
Negative change in investment properties	-3,567	-2,595
Total changes in fair value of investment properties	**6,131**	**3,260**

The limited variation in the fair value of the investment properties is mainly due to rent renewals on the one hand, and the tightening of yields on the other hand.

Note 13

Financial result (in € 000)	31.03.15	31.03.14
Interest received	74	107
Other	107	153
Total financial result	**181**	**260**

Note 14

Interest charges (in € 000)	31.03.15	31.03.14
Nominal interest on loans[1]	-17,519	-16,636
Capitalised interest costs[2]	250	624
Total interest charges	**-17,269**	**-16,012**

1 Also includes the interests on Interest Rate Swaps (financial instruments).
2 Capitalised interest costs on project developments. The interest rate used is 4.50%.

The weighted average interest rate amounts to 4.35% on 31 March 2015 and 4.50% on 31 March 2014 (after application of the IRS). The company concluded almost all of its investment loans with fixed interest rates, or as long-term loans with variable interest rates that are effectively hedged against fixed interest rates through IRS (interest rate swap) contracts. The evolution of the ratio of interest charges on loans versus rental income received, amounts to 32.46% on 31 March 2015 compared to 33.57% the year before. We refer to note 37 for the complete swaps overview.

Note 15

Other financial charges (in € 000)	31.03.15	31.03.14
Bank costs and other commissions	-39	-36
Total other financial charges	**-39**	**-36**

Note 16

Corporate income tax (in € 000)	31.03.15	31.03.14
Company	**-15**	**59**
1. Corporate income tax	-15	59
Tax rate of 33.99%	-29	-22
Previous year tax adjustment	14	81
2. Result taxable at 16.50% (so-called exit tax)		
Subsidiaries	**-314**	**-516**
1. Corporate income tax	-208	-642
Current year taxes	-208	-649
Previous year tax adjustment	0	7
2. Exit tax	-106	125
Total corporate income tax	**-328**	**-457**

A regulated real estate company is subject to corporate tax solely in respect of non-tax deductible expenditure and abnormal benefits. Deferred taxes are booked for the subsidiaries on the difference between the carrying value after depreciation in the statutory annual accounts of these subsidiaries and the fair value. These deferred taxes are booked at a rate of 16.99% if the respective board of directors of Retail Estates nv and the subsidiary intend to merge the subsidiary with the public RREC.

Note 17

Number of shares and earnings per share	31.03.15	31.03.14
Movements of the number of shares		
Number of shares at the beginning of the financial year	7,290,411	5,813,122
Number of shares at the end of the financial year	7,559,473	7,290,411
Number of dividend bearing shares (weighted average)	7,559,473	7,290,411
Weighted average number of shares for diluted earnings per share	7,381,081	6,930,195

Capital increase by board of directors (in the framework of the authorised capital):

Capital increase through contribution in kind

On 28 November 2014, the second part of the transaction with Orchestra-Prémaman Belgium nv was executed. Five retail properties were transferred as part of a capital increase by means of a contribution in kind. For this contribution in kind, the board of directors of Retail Estates nv issued 269,062 new shares within the powers granted to it with regard to the authorised capital. The total contribution value of these five retail properties amounts to EUR 14.80 million and represents a capital increase of EUR 6.05 million (the balance, EUR 8.74 million, is assigned to the balance sheet item "issue premium"). The issue price of the shares was determined contractually at EUR 55 per share.

After this capital increase, the capital amounts to EUR 170,091,087.57 on 31 March 2015, represented by 7,559,473 shares. After deduction of the cumulated costs for capital increase, the capital at the balance sheet amounts to EUR 166,902,408.62.

Note 18

(in € 000)		31.03.14
Net result (consolidated)	35,238	28,568
Transactions of non-current nature included in the net result (+/-)		
Depreciations (+) and reversals of depreciations (-)	146	169
Other elements of a non-current nature (+/-)	103	30
Result on the disposal of investment properties (+/-)	-479	-236
Changes in fair value of investment properties and project developments (+/-)	-6,131	-3,260
Net operating result	**28,877**	**25,271**

The net operational profit and loss 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 operational profit and loss, less the net reduction during the financial year of the indebtedness, must be paid out, as calculated in accordance with Article 13 of the RREC R.D.

Note 19

Calculation of pay-out ratio (in € 000)	31.03.15	31.03.14
Ordinary net earnings	35,238	28,568
Diluted net earnings	35,238	28,568
Distributable earnings	28,877	25,271
Minimum profit distribution	23,102	20,217
Proposed gross dividend	23,434	21,871
Pay-out ratio	**81.15%**	**86.55%**

Note 20

	Intangible non-current assets		Other tangible non-current assets	
Investment and amortisation table (in € 000)	31.03.15	31.03.14	31.03.15	31.03.14
Acquisition value				
Balance at the end of the previous financial year	541	532	867	826
Acquisitions	114	9	204	77
Transfers and disposals of assets			-100	-37
Transfers to/from other accounts				
At the end of the financial year	655	541	971	867
Amortisation and impairment losses				
Balance at the end of the previous financial year	514	476	570	474
Balance of acquired companies			0	6
Amortisation[3]	21	38	125	125
Transfers and disposals of assets			-80	-36
At the end of the financial year	535	514	614	570
Net book value	**120**	**26**	**357**	**297**

3 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

Investment and revaluation table (in € 000)	Investment properties		Assets held for sale		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Balance at the end of the previous financial year	**745,916**	**675,593**	**4,385**	**7,488**	**750,301**	**683,081**
Acquisition through purchase or contribution real estate companies	28,383	42,787			28,383	42,787
Capitalised interest cost	250	624			250	624
Acquisiton and contribution of investment properties	70,777	27,476		0	70,777	27,476
Disposal through sale of real estate companies	-6,874				-6,874	
Disposal of investment properties	-2,314	-3,635	-5,474	-3,579	-7,788	-7,214
Transfers to assets held for sale	-5,908	-301	5,908	301	0	0
Change in fair value (+/-)	6,889	3,372		175	6,889	3,547
At the end of the financial year	**837,121**	**745,916**	**4,819**	**4,385**	**841,940**	**750,301**
OTHER INFORMATIONS						
Investment value of the property	857,862	764,193	4,939	4,495	862,801	786,688

Project developments (in € 000)	31.03.15	31.03.14
Balance at the end of the previous financial year	8,077	**5,734**
Increase during the financial year	28,119	6,318
Reception during the financial year	-2,026	-3,975
At the end of the financial year	**34,171**	**8,077**

Investment properties are recorded at fair value, using the fair value model in accordance with IAS 40. This fair value is equal to the amount at which a building could be traded between well-informed and willing parties acting under normal competitive conditions. It was determined by independent experts in two phases. In the first phase, the experts determine the investment value of each property, based on the discounted value of the future net rental income. The discount rate used mainly depends on the discount rates applied in the real estate market. These take account of the asset's location, and the quality of the buildings and the tenant on the date of valuation. The future rents amount to the contractual rental income over the period of the rental agreement in force and the acceptable and reasonable hypothesis concerning rental income from future rental agreements in the light of the current conditions. This value matches the price which a third party investor (or hypothetical purchaser) would pay to acquire the asset with the aim of enjoying the rental income and of generating a return on his investment.
In a second phase, the experts deduct an estimated amount for transfer taxes (registration taxes and/or capital gain taxes) which the purchaser or the seller must pay to execute a transfer of ownership. The investment value minus the estimated transfer taxes is then the fair value according to the provisions of IAS 40. The transfer of ownership of real estate in Belgium is subject to transfer taxes. The amount of this tax depends on the transfer method, the capacity of the purchaser and the geographical location of the asset. The first two elements, and consequently the total amount of the taxes to be paid are, therefore, only known once the transfer of ownership has been completed. The range of property transfer options and the corresponding taxes is as follows:

- sale agreements for real estate: 12.50% for assets located in the Brussels Capital Region and in the Walloon Region, 10% for assets located in the Flemish Region;
- sale of real estate under the broker system: 5% to 8% depending on the Regions;
- long-term lease agreements for real estate (up to 50 years for the right of building and up to 99 years for the long-term lease right): 0.20%;
- sale agreements for real estate whereby the purchaser is a public law institution (e.g., an entity of the European Union, of the Federal Government, of a regional government or of a foreign government): exemption from duties;
- contribution in kind of real estate in return for the issuance of new shares to the benefit of the contributor: exemption from duties;
- sale agreement for shares of a real estate company: absence of duties;
- merger, split and other company reorganisations: absence of duties; etc.

As a result, the effective percentage of the registration taxes varies from 0% to 12.50%, whereby it is 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 the experts involved in determining the value of Belgian regulated real estate companies were asked to determine a weighted average percentage of the effective taxes for the real estate portfolios of the RRECs. For transactions of properties with a value of over EUR 2.50 million and in view of the range of methods of transferring ownership (see above), the experts calculated the weighted average taxes at 2.50%, based on a representative sample of 220 market transactions that took place between 2003 and 2005, worth a total of EUR 6 billion. This percentage will be reviewed annually and, if necessary, adapted by slices of 0.50%. As regards transactions involving buildings whose total value is lower than EUR 2.50 million, transfer rights of 10% to 12.50% are applied, depending on the Region in which the premises are located. Retail Estates nv considers its real estate portfolio as a whole, which can be disposed of as a whole or unit or a limited number of larger parts. In compliance with the valuation at “fair value” by its real estate valuation surveyors Cushman & Wakefield and CBRE, 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 valuation surveyors. For a detailed description of the valuation rules used by the real estate valuation surveyors CBRE and Cushman & Wakefield, we refer to the real estate experts’ reports on pages 92 and 93.

During the financial year 2014-2015, real estate companies were acquired for an amount of EUR 17.73 million. These real estate companies had a total of EUR 2.65 million in cash. The net cash flow from the purchase of real estate companies amounts in this way to EUR 14.57 million. This resulted in a EUR 28.38 million increase in investment properties and a EUR -13.81 million variation in working capital. In the past financial year, one real estate company was sold, resulting in a positive net cash flow of EUR 6.69 million from the purchase of the company. This resulted in a decrease in investment properties of EUR 6.87 million and a variation in working capital of EUR 0.18 million. In the past financial year also 9 retail properties were sold, which resulted in a decrease of the investment properties and the non-current assets held for sale of EUR 7.79 million.

During the financial year 2013-2014, real estate companies were acquired for an amount EUR 35.74 million. These real estate companies had a total of EUR 1.51 million in cash. The net cash flow from the purchase of real estate companies amounted in this way to EUR 34.23 million. This resulted in a EUR 43.59 million increase in investment properties, a EUR -3.64 million variation in working capital, and a EUR 5.71 million increase in financial and other debts. Moreover, in the financial year 2013-2014, 4 retail properties, 2 carcass apartments and 1 property of the Distri-Land portfolio were sold, which resulted in a decrease of investment properties and assets held for sale of EUR 7.21 million.

Notes on IFRS 13

Investment properties - valuation

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 on the basis of quoted prices in active markets
- Level 2: valuation on the basis of directly or indirectly (external) observable information
- Level 3: valuation fully or partly based on non (external) observable information

According to the IFRS classification, investment properties are level 3.

Investment properties are accounted for on the basis of valuation reports, drawn up by independent and expert real estate valuers. These reports are based on:

- Information provided by the company, such as current rents, terms and conditions of lease agreements, (as the case may be) rent reductions, investments, etc. This information results from the public RREC’s financial and management system and is governed by the company’s general applicable control system.
- The real estate experts’ assumptions and valuation models used. The assumptions mainly relate to the market situation, such as 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 current annual base rent due, as the case may be taking into account corrections such as the estimated market rental value, vacancy rates, step-rents, rent-free periods, etc. The GIY depends on the common yields on the investment markets, taking into account the location, the suitability of the site, the quality of the tenants and the building as at valuation.

In case of buildings where the property rights are divided in on the one hand, bare ownership and, on the other hand, rights of superficies or long lease rights, 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 RREC’s management. All material differences (positive as well as negative) in absolute and relevant terms (versus previous quarter and versus 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 the information regarding the various sites in the valuations.

The gross market rental yield of the portfolio of Retail Estates nv currently ranges between 6% and 10%, depending on the location. We also refer to the overview per cluster on pages 75 to 91.

Sensitivity of valuations

The sensitivity of the fair value in relation to changes in the significant non observable information used for determining 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 1% of the rental income leads to an increase of the fair value of the portfolio of EUR 7.82 million. The effect of an increase of the yield of 100 bps leads to a decrease of the portfolio’s fair value of EUR 102.94 million. The effect of a decrease of the yield of 100 bps leads to an increase of the portfolio’s fair value of EUR 138.44 million.

Note 22

Non-current assets or groups of assets held for sale (in € 000)	31.03.15	31.03.14
Assets held for sale	4,819	4,385
Total assets held for sale	**4,819**	**4,385**

Recorded under assets held for sale are those assets for which a sales agreement has been signed but the final deed of sale had not yet been enacted. These assets are usually sold within a year. It is not expected that there will be any decreases in value regarding these assets as a result of the sale.

On 31 March 2015 these assets comprise a building in Bilzen (fair value EUR 1.56 million) and plots of land in Westende with a fair value of EUR 3.26 million. No agreement was signed for these plots of land in Westende, yet they are actively put for sale since they do not correspond to the Group's strategy. If these plots of land are not sold to individuals before 31 December 2017, they are taken back by the party of which the Group at the time acquired commercial real estate, including these plots of land.

Note 23

Trade receivables and doubtful debtors

Trade receivables (in € 000)	31.03.15	31.03.14
Trade receivables	1,488	1,116
Invoices to be issued	194	92
Doubtful debtors	-731	-699
Income to be collected		
Coupon real estate certificats		
Distri-Land	216	216
Other		
Total trade receivables	**1,168**	**725**

The outstanding trade receivables amount to EUR 0.76 million. EUR 0.13 million concerns the revolving and reserve fund. Given the guarantees received – both rental guarantees and the bank guarantees requested – the credit risk concerning trade receivables is limited to about 41% of the outstanding amount on 31 March 2015, equal to a risk of EUR 0.31 million (after deducting doubtful debtors).

Impairment on doubtful debtors - roll forward (in € 000)	31.03.15	31.03.14
At the end of the previous financial year	-699	-699
From acquired companies	-72	
Provisions	-154	-266
Recoveries	157	105
Write-offs	36	161
At the end of the financial year	**-731**	**-699**

The provision for doubtful debtors 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 set up. 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 registered.

For more details about the Distri-Land coupon, we refer to the section 'Real estate certificats' in the valuation rules (pages 110 and 111 of this annual report).

	31.03.15	31.03.14
Due < 30 days	608	265
Due 30-90 days	11	15
Due > 90 days	3	22
Not due	135	115

Note 24

Tax receivables and other current assets (in € 000)	31.03.15	31.03.14
VAT receivable	351	225
Corporate income tax receivable		2
Recoverable withholding tax		551
Recoverable property tax	1,041	809
Other	7	312
Total tax receivables and other current assets	**1,399**	**1,899**

Note 25

Cash and cash equivalents (in € 000)	31.03.15	31.03.14
Bank balances	1,469	2,189
Total cash and cash equivalents	**1,469**	**2,189**

Note 26

Deferred charges and accrued income (in € 000)	31.03.15	31.03.14
Other deferred charges	871	387
Other accrued income	111	35
Total deferred charges and accrued income	**982**	**422**

The deferred charges mainly concern assurances and maintenance costs of the ERP software.

Note 27

Shareholders' equity

Capital

Capital evolution

Date	Transaction	Capital movement (in € 000)	Total remaining capital after the transaction (in € 000)	Total remaining capital after the transaction	Total number of shares
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
1/07/2003	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
5/11/2004	Partial incorporation of issue premium	33,250	80,294	-	3,568,614
5/11/2004	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
5/02/2010	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

Capital evolution

Date	Transaction	Capital movement (in € 000)	Total remaining capital after the transaction (in € 000)	Total remaining capital after the transaction	Total number of shares
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
4/07/2012	Contribution in kind	4,694	127,030	208,607	5,645,681
27/07/2012	Contribution in kind - stock optional dividend	3,768	130,798	167,441	5,813,122
28/06/2013	Contribution in kind	540	131,338	24,009	5,837,131
28/06/2013	Capital increase in cash	32,699	164,037	1,453,280	7,290,411
28/11/2014	Contribution in kind	6,054	170,091	269,062	7,559,473

Article 6.2 of the articles of association: Authorised capital
The board of directors is authorised to increase the share capital on one or more occasions, up to a maximum amount of one hundred and sixty-four million, thirty-seven thousand, eighty-seven euros, 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 State Gazette of the amendment to the articles of association, adopted by the extraordinary general 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 general meeting.

Within the above limits, and without prejudice to mandatory provisions of the 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 general meeting, to issue other securities, including, without limitation, (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 remove the preferential right granted by the 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 shares. This irreducible allocation right shall meet the requirements determined by the RREC legislation and Article 6.4 of these articles of association.

This right needs not be granted in the event of a contribution of cash made in the context of an optional dividend distribution, under the circumstances provided by 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 RREC 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 with 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 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 general meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the RREC 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 capital increases carried out pursuant to these authorisations entail an issue premium, the amount thereof 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 general meeting, deliberating in accordance with the conditions set forth in Article 612 of the Company Code, without prejudice to its incorporation in the company's capital.

Article 6.3 of the articles of association: Acquisition, transfer and pledge of the company's own shares
The company can acquire, pledge or retransfer its own shares on the conditions provided for by law.

The board of directors is authorised, within the limits of Articles 620 et seq. of the 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 State Gazette of the authority granted by the extraordinary general meeting of 24 October 2014, and can be extended by the general meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary general 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 cannot be less than eighty-five percent (85%) of the closing market price on the day preceding the date of the transaction (acquisition, transfer or pledge) and cannot exceed one hundred and fifteen percent (115%) of the closing market price on the day preceding the date of the transaction (acquisition, transfer or pledge), subject to the requirement that the company cannot, at any time, hold more than 20% of the total outstanding shares.

The above-mentioned authorisations 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 Company Code, including instances when such acquisitions are made by persons acting in the name and on behalf of a subsidiary.

Article 6.4 of the articles of association: Capital increase
Any capital increase shall meet the requirements of Articles 581 through 609 of the Company Code and the RREC legislation.

The company's capital can be increased pursuant to a decision of the general meeting, deliberating in accordance with Article 558 and, if applicable, Article 560 of the 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 general meeting, or within the limits of the authorised capital, the shareholders' preferential right can only be restricted or cancelled if an irreducible allocation right is granted to the shareholders of record at the time that the new shares are awarded. This irreducible allocation right shall meet the following requirements, determined by the RREC legislation:

1. it applies to all new shares issued in their entirety;
2. it is granted to the shareholders in proportion to the percentage of capital that their shares represent at the time of the transaction;
3. a maximum share price is announced no later than the day before the opening of the public subscription period; and
4. the public subscription period lasts, in this case, for at least three trading days.

This irreducible allocation right applies to the issuance of shares, (subordinated or non-subordinated) convertible bonds, and warrants, but does not have to be allocated to a cash contribution with a limitation or cancellation of the preferential 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 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 RREC legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Company Code, and also, if applicable, in the notice of the general meeting called to vote on the capital increase;
2. the issue price cannot 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 regard, 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 of the articles of association, 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.

If the general meeting decides to require the payment of an issue premium, this amount must be booked in a non-distributable reserve, which can only be reduced or abolished pursuant to a decision of the general meeting, deliberating in accordance with the conditions provided to amend the articles of association and respecting the procedure provided to reduce the share capital. The issue premium shall serve, like the share capital, as a common guarantee for the benefit of third parties.

Note 28

Issue premium evolution (in € 000)		Issue premiums 31.03.15
Date	Transaction	
Previous financial year		93,095
28/11/2014	Contribution in kind	8,744
Total issue premium		**101,839**

Note 29

Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (in € 000)	31.03.15	31.03.14
Balance at the end of the previous financial year	-18,387	-15,764
Change during the financial year	-2,474	-2,623
Total impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	**-20,861**	**-18,387**

As stated in note 21, Retail Estates nv considers its real estate portfolio as an entity than can be disposed of as a whole, or as a limited number of larger parts. In accordance with valuation at 'fair value' from its valuation surveyors Cushman & Wakefield and CBRE, the value of the properties was reduced by 2.50% subject to the valuation surveyors' expected transaction charges at the disposal of the properties. According to Retail Estates nv, a limited number of specifically identified premises are very difficult to sell with this real estate portfolio, because the nature and/or location of these buildings mean that they would have a negative effect on the value of the portfolio as a whole. Since the individual value of these premises lies below the threshold of EUR 2.50 million, the complete transfer costs of the region concerned, amounting to 10% or 12.50% are deducted. On 1 April 2004 (the date of the first application of the IAS/IFRS standards), the transfer charges that were deducted from the investment value amounted to EUR 4.90 million. This amount was recognised under this item in the shareholders' equity.

Note 30

Change in fair value of financial assets and liabilities (in € 000)	31.03.15	31.03.14
Book value of financial derivatives	-24,587	-23,882
Total fair value of financial assets and liabilities	**-24,587**	**-23,882**

The Group uses financial derivatives (interest rate swaps) to hedge against interest rate risks deriving from operating, financial and investment activities. Financial derivatives are initially recognised at cost price and revalued to fair value on subsequent reporting dates. It should be noted that the negative or positive valuation of the financial instruments does not impact Retail Estates nv's net result. The company classifies the interest rate swaps as cash flow hedging, having ascertained that the hedges were effective. Cash flow hedging is therefore applied to these swaps, as a result of which changes in the value of these swaps are recorded directly to equity without passing through the income statement.

The interest rate swaps are level 2 instruments (see note 37).

Note 31

Other non-current liabilities (in € 000)	31.03.15	31.03.14
Financial derivatives	24,587	23,882
Debts relating to minority shareholders	13,814	12,985
Deferred taxes	355	1,179
Total other non-current liabilities	**38,756**	**38,046**

The debts concerning the minority shareholders for an amount of EUR 13.81 million pertain to the recognition of the debt for the further acquisition of the shares in Retail Warehousing Invest nv, which are not yet fully owned by Retail Estates nv (also refer to note 42). The increase in this debt compared to the previous financial year is due to the increase in the underlying shareholders' equity in the financial year 2014-2015.

The deferred taxes concern the spread taxations of realised capital gain of subsidiaries. There are neither not-recognised financial losses, nor other sources of deferred taxes.

Note 32

Trade debts and other current debts (in € 000)	31.03.15	31.03.14
Trade debts	796	353
Invoices to be received	4,126	2,868
Taxes payable	703	814
Exit tax	4,077	3,621
Other current debts	322	335
Total trade debts and other current debts	**10,024**	**7,992**

Note 33

Other current liabilities (in € 000)	31.03.15	31.03.14
Dividends payable	33	36
Other	15,333	50
Total other current liabilities	**15,366**	**86**

The increase in the other current liabilities from EUR 0.086 million to EUR 15.37 million relates to the debts for the further acquisition of the shares in Mijn Retail nv which are not yet owned by Retail Estates nv. The increase in this debt compared to the previous financial year is due to the increase in the underlying shareholders' equity in the financial year 2014-2015. Please also refer to note 42.

Note 34

Accrued charges and deferred income (in € 000)	31.03.15	31.03.14
Other accrued charges	2,592	1,602
Deferred revenues (re- invoicing)	1,818	1,415
Total accrued charges and deferred income	**4,410**	**3,017**

The deferred revenues mainly concern rents paid in advance.

Note 35

Breakdown by due date of credit lines (in € 000)	31.03.15	31.03.14
Non-current		
Bilateral loans - variable or fixed rate	310,631	327,677
Other non-current financial liabilities	29,748	
Subtotal	**340,379**	**327,677**
Current		
Bilateral loans - variable or fixed rate	57,209	22,422
Subtotal	**57,209**	**22,422**
Total	**397,588**	**350,098**

Breakdown by maturity of non-current financial debts (in € 000)	31.03.15	31.03.14
Between one and two year(s)	93,705	49,917
Between two and five years	214,013	199,794
More than five years	32,661	77,966

Breakdown by the variable or fixed-rate nature of the loans (in € 000)	31.03.15	31.03.14
Variable rate loans	293,506	280,610
Fixed rate loans	104,082	69,488

Retail Estates nv has the following unused credit facilities (in € 000)	31.03.15	31.03.14
Expiring within one year		
Expiring after one year	95,212	47,297

Estimate of the future interest burden	Total future interest burden	
	31.03.15	31.03.14
Within one year	15,827	16,424
Between one and five year(s)	37,604	39,106
More than five years	3,986	4,956
Total	**57,417**	**60,486**

Non-current and current financial debts

94.71% of the outstanding loans have a variable rate that is fully hedged by interest rate swap contracts that swap the variable interest rate against fixed interest rates, or have fixed interest rates (see note 37). The estimate of future interest takes into account the debt position on 31 March 2015 and interest hedges under current contracts. For the EUR 21.06 million unhedged portion of the registered debts, the Euribor rate on 31 March 2015 and the banking margin is applied.

The 'other non-current financial liabilities' concern the bond loan, emitted on 23 April 2014 with a 7-year term and an interest rate of 3.556%.

Interest burden 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 relative cautious and conservative strategy. Debts all take the form of long-term loans, financed with various banks. Whenever a loan is concluded at a variable interest rate, it is immediately converted into a fixed interest rate. 94.71% of the outstanding credits are financed this way. In this manner, a rise in the interest rate has no substantial impact on the total result. However, interest rate increases or decreases have an impact on the market value of the concluded IRS-contracts and therefore on the shareholders' equity. If the interest rate rose by 1%, this would have a positive impact of EUR 12.13 million on the shareholders' equity. If the interest rate declined by 1%, this would have a negative impact of EUR 12.86 million on the shareholders' equity.

In principle, Retail Estates nv has an agreement with its banks for a debt ratio covenant of 60%.

Note 36

Financial assets and liabilities

1. Overview

At 31 March 2015		Total	Financial instruments used for cash flow hedging relationship	Loans and receivables	Liabilities at amortised cost price
ASSETS					
Non-current financial assets					
E.	Non-current financial assets				
G.	Trade receivables and other non-current assets	5		5	
Current financial assets					
D.	Trade receivables	1,168		1,168	
E.	Tax receivables and other current assets	1,399		1,399	
F.	Cash and cash equivalents	1,469		1,469	
Total non-current financial assets		**4,041**	0	**4,041**	0
LIABILITIES					
Non-current financial liabilities					
B.	Non-current financial debts	340,379			340,379
C.	Other non-current financial liabilities	38,756	24,587		14,169
Current financial liabilities					
B.	Current financial debts	57,209			57,209
D.	Trade debts and other current debts	10,024			10,024
E.	Other current liabilities	15,367			15,367
Total financial liabilities		**461,735**	**24,587**	**0**	**437,148**

At 31 March 2014		Total	Financial instru-ments used for cash flow hedging relationship	Loans and receivables	Liabilities at amortised cost price
ASSETS					
Non-current financial assets					
E.	Non-current financial assets				
G.	Trade receivables and other non-current assets	5		5	
Current financial assets					
D.	Trade receivables	725		725	
E.	Tax receivables and other current assets	1,899		1,899	
F.	Cash and cash equivalents	2,189		2,189	
Total non-current financial assets		**4,818**	**0**	**4,818**	**0**
LIABILITIES					
Non-current financial liabilities					
B.	Non-current financial debts	327,677			327,677
C.	Other non-current financial liabilities	38,046	23,882		14,164
Current financial liabilities					
B.	Current financial debts	22,421			22,421
D.	Trade debts and other current debts	7,992			7,992
E.	Other current liabilities	86			86
Total financial liabilities		**396,222**	**23,882**	**0**	**372,340**

2. Fair value

Given the short-term nature of the trade receivables and payables, the fair value is approximately close to the nominal value of these financial assets and liabilities. On 31 March 2015, Retail Estates nv has EUR 293.51 million of financial debts at variable interest rates and EUR 104.33 million of financial debts at fixed interest rates. Of the debts at variable interest rates, EUR 272.44 million are hedged by interest swap contracts. The fixed interest rates at which these long-term debts were originally concluded in most cases no longer correspond to prevailing money market rates, leading to a difference between their book values and their fair values. The following table compares the total amount of the fixed-rate debts at book value and at fair value at the end of the 2014-2015 financial year. Here, 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 in the underlying table, the book value is equal to the amortised cost. The financial debts with a variable rate have a book value close to their fair value.

Financial debts at fixed interest rate	31.03.15		31.03.14	
	Book value	Fair value	Book value	Fair value
Financial debts at fixed interest rate	104,082	113,933	69,488	68,592

Note 37

Financial instruments

Retail Estates nv classifies interest rate swaps as a cash flow hedge and the fact that the hedging was effective is ascertained. Cash flow hedge accounting is, therefore, applied to these swaps. On this basis, the effective part of the changes in the value of these swaps are recognised directly in the shareholders' equity and are not included in the income statement. The method for determining the effectiveness of the hedge is as follows:

Prospective test: at the end of each quarter, an examination is made to establish whether the future still indicates a match between the interest rate swap and the underlying financial obligation.

Retrospective test: the interest paid on the underlying financial obligation is compared with the floating interest cash flow from the swap based on ratio analysis. The ratio must lie between 80 and 125. The market value of the interest rate swap was EUR -24.59 million on 31 March 2015. It is established on a quarterly basis by the issuing financial institution and is verified by Retail Estates nv through discounting the future contractual cash flows using identical interest rate curves.

The fair value of liabilities to banks at the reporting date (in € 000)	31.03.15		31.03.14	
	Assets	Liabilities	Assets	Liabilities
Interest Rate Swap		24,587		23,882

The fair values of the instruments are determined through the sole use of data observable for the instrument (either directly or indirectly). These, however, are not listed prices in active markets and, therefore, the IRS instruments belong to level 2 of the fair value hierarchy as defined in IFRS 7.

Below is an overview of the financial instruments as at 31 March 2015:

Summary of financial instruments as at closing date 31.03.15 (in € 000)	Categories	Book value	Fair value	Level
I. Non-current assets				
Financial non-current assets	C	0	0	2
Loans and receivables	A	5	5	2
II. Current assets				
Trade receivables and other receivables	A	2,567	2,567	2
Cash and cash equivalents	B	1,469	1,469	2
Total financial instruments on the assets side of the balance sheet		**4,041**	**4,041**	
I. Non-current liabilities				
Interest-bearing liabilities	A			2
Credit institutions	A	340,379	350,230	2
Other non-current financial liabilities	A			2
Other non-current liabilities	A	14,169	14,169	2
Other financial liabilities	C	24,587	24,587	2
II. Current liabilities				
Interest-bearing liabilities	A	57,209	57,209	2
Current trade debts and other debts	A	25,391	25,391	2
Total financial instruments on the liabilities side of the balance sheet		**461,735**	**471,586**	

The categories correspond with the following financial instruments:

A. Financial assets or liabilities (including receivables and loans) held until maturity, at the amortised cost.

B. Investments held until maturity, at the amortised cost.

C. Assets or liabilities, held at the fair value through the profit and loss account, except for financial instruments determined as hedging instruments.

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

Level 2 in the fair values hierarchy includes the other financial assets and liabilities, in respect of which the fair value is based on other information, which can, directly or indirectly, be determined for the relevant assets or liabilities.

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

- The categories 'other financial liabilities' and 'financial fixed assets' concern Interest Rate Swaps (IRS), in respect of which the fair value is determined by means of interest rates applicable in active markets, and generally provided by financial institutions.
- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:
  - either because they have a short-term maturity (like trade receivables and debts),
  - or because they have a variable interest rate.

The fair value of debts having a fixed interest rate is valuated by means of an actualisation of their future cash flows, taken into account the Group's credit risk.

Overview of Swaps:

Other non-current liabilities

	Starting date	Ending date	Interest rate	Notional amount (in € 000)	Hedge accounting
1	12/2006	12/2016	4.05%	37,000	yes
2	10/2007	12/2016	4.21%	6,000	yes
3	03/2008	03/2018	4.08%	5,000	yes
4	07/2007	07/2017	4.77%	10,000	yes
5	08/2007	07/2015	4.58%	10,000	yes
6	03/2010	12/2015	4.94%	6,500	yes
7	03/2010	03/2017	4.94%	8,500	yes
8	06/2012	06/2017	3.22%	20,000	yes
9	11/2011	11/2016	3.03%	10,000	yes
10	09/2012	09/2017	3.35%	6,000	yes
11	11/2013	11/2018	3.69%	30,000	yes
12	03/2009	12/2023	3.89%	8,477	yes
13	07/2011	12/2015	2.32%	10,000	yes
14	06/2012	09/2017	3.03%	10,000	yes
15	12/2011	06/2016	1.70%	25,000	yes
16	05/2012	04/2016	3.04%	8,467	yes
17	09/2014	09/2019	2.69%	21,000	yes
18	04/2014	03/2018	1.91%	20,500	yes
19	01/2016	01/2021	1.82%	10,000	yes
20	02/2015	01/2020	1.48%	20,000	yes
21	01/2017	01/2022	1.44%	45,000	yes
22	10/2017	10/2022	1.70%	15,000	yes

Note 38

Related parties

The company's related parties are its subsidiaries and its directors and members of the board of directors/ executive officers. The transactions with the subsidiaries are eliminated in the consolidation.

Directors and members of the board of directors/ executive officers

The board of directors' and executive officers' remuneration is entered in the "corporate operating costs" (see note 10):

(in € 000)	31.03.15	31.03.14
Directors	438	476
Total	**438**	**476**

Directors and executive officers do not receive any other benefits from the company. Retail Estates nv has no executive committee. These amounts are all short-term benefits. We refer to the remuneration report on page 29.

Note 39

Auditor's fee (VAT excl.)	31.03.15	31.03.14
Remuneration of the auditor for the audit assignment	104	101
Remuneration for exceptional duties or special assignments		
- Other audit assignments	17	62
- Tax consultancy assignments	3	20
- Other assignments outsite the audit assignment	170	

In compliance with Article 133, §6, of the Companies Code, the one-to-one rule must be judged at the level of Retail Estates nv. It was not exceeded. The other assignments, besides the audit assignments, mainly concern due diligence assignments.

Note 40

Acquired real estate companies and investment properties

Per 31.03.2014

The purchases and own developments in the 2013-2014 financial year resulted in a EUR 65.12 million real estate increase (without project developments). The total rental income increased by EUR 2.60 million in the financial year 2013-2014 as a result of these investments. If these acquisitions had taken place on 1 April 2013, the rental income would have increased by EUR 5.72 million. The operating result increased by EUR 2.29 million as a result of these investments.

Per 31.03.2015

The purchases and own developments in the 2014-2015 financial year resulted in a EUR 71.29 million real estate increase (without project developments). The total rental income increased by EUR 2.17 million in the financial year 2014-2015 as a result of these investments. If these acquisitions had taken place on 1 April 2014, the rental income would have increased by EUR 4.53 million. The operating result increased by EUR 3.94 million as a result of these investments.

Sold real estate companies and investment properties

Per 31.03.2014

In the financial year 2013-2014, 4 retail properties, 2 carcass apartments and 1 property of the Distri-Land portfolio were sold to private investors, with a net capital gain of EUR 7.45 million, reducing the investment properties by EUR 7.21 million. Rental income fell by EUR 0.12 million as a result of this divestment. If these sales had taken place on 1 April 2013, rental income would have been EUR 0.34 million lower.

Per 31.03.2015

In the past financial year, 1 company was sold for a net selling price of EUR 8.22 million, reducing the investment properties by EUR 6.87 million. Moreover, 9 retail properties were sold for a net selling price of EUR 8.08 million, reducing the investment properties by EUR 7.79 million. Rental income fell by EUR 0.75 million as a result of this divestment. If these sales had taken place on 1 April 2014, rental income would have been EUR 0.94 million lower.

Note 41

Events after the balance sheet date

Potential acquisition real estate companies

On 24 April 2015, Retail Estates nv concluded a contract with a view to acquiring the control of four real estate companies. These four real estate companies own, in total, 81 retail properties situated in Belgium, within the niche sector of peripheral retail properties. The properties have an investment value of EUR 129 million (which is in line with the value as determined by the real estate expert) and an expected rental income of EUR 7.94 million. The total net surface of the retail properties amounts to 75,049m², 4,250m² of which are vacant buildings intended to be redeveloped.

The acquisition contract contains one important condition precedent and the realisation of this condition depends on the attitude of a commercial, independent third party. It is not possible to anticipate this attitude. In case of non-realisation before 30 June 2015, the agreement lapses (subject to the parties renouncing the condition precedent). As soon as the result is known, this will be communicated in a press release.

If the transaction proceeds, Retail Estates nv disposes of confirmed credit lines to finance this transaction.

Capital increase within the framework of the authorised capital

On 5 May 2015, the board of directors of Retail Estates nv decided on a capital increase of up to EUR 76,224,676 through the issuance of up to 1,259,912 new shares at a subscription price of EUR 60.50 per share. The shares will participate in the result from 1 April 2015, this being the start of the current financial year 2015-2016. Barring unforeseen circumstances, the board of directors forecasts a gross dividend of EUR 3.20 for the financial year 2015-2016. This is a capital increase within the framework of the authorised capital, with preferential subscription right for the shareholders of Retail Estates nv.

The company regularly turns to the financial markets to increase its capital. The proceeds will be invested in the growth of the real estate portfolio and reducing debt. The capital increase offers an additional investment potential of approximately EUR 152 million if the proceeds from the capital increase are supplemented with a similar amount of bank financing.

During the subscription period with preferential subscription rights, closed on 21 May 2015, 1,113,317 new shares have been subscribed, being 88.36% of the new shares. The 878,538 non-exercised preferential subscription rights have been sold on 26 May 2015 in an accelerated private placement to investors, as described in the prospectus. Investors acquiring the scrips irrevocably undertook themselves to subscribe 146,423 new shares, at the same subscription price and in accordance with the same subscription rate, i.e. one new share at EUR 60.50 for six scrips. The gross proceeds of the operation amounts to EUR 76,214,270.

The gross proceeds of the operation amounts to EUR 76,214,270.

Acquisition real estate company

On 20 May 2015, Retail Estates nv acquired the exclusive control of Fimitobel nv, owner of the retail property in Aalst, part of the framework agreement concluded with Orchestra-Prémaman Belgium nv (also refer to the management report, page 23). The investment value of this property amounts to EUR 1.91 million and it will generate an annual gross rental income of EUR 0.13 million.

After this acquisition, the full completion of the framework agreement only depends on the accomplishment of the acquisition of the Aalst property. At present, the soil investigation regarding this property has not been completed. In this situation, Retail Estates nv is unable to express its view on the acquisition of this property, given the identified soil pollution.

Note 42

List of consolidated companies and changes in the circle of consolidation

As at 31 March 2015, the following subsidiaries are part of the consolidation perimeter of Retail Estates nv:

Subsidiary	External financial debts[4]	Investment properties[4]	Rental income[5]	Deelnemings-percentage
Retail Warehousing Invest nv	14.814	51.365	3.283	62,50%
Frun Park Wetteren nv	0	20.370	977	100%
Gentpoort nv	0	7.349	488	100% Frun Park Wetteren nv
Aalst Logistics nv	0	4.479	264	100%
Finsbury Properties nv	0	5.523	0	100%
Mijn Retail nv	0	19.273	0	51%

[4] Value at closing date of the consolidated figures (31.03.2015).
[5] For the period the companies are part of the Group in the current financial year.

During the past financial year, Retail Estates nv acquired the control of Frun Park Wetteren nv and Gentpoort nv, and the project company Mijn Retail nv was founded. The board of directors of Retail Estates nv established the mergers by absorption of the subsidiaries SDW Invest bvba, Ducova bvba, Erpent Invest nv and Poperinge Invest nv, in the past financial year.

Frun Park Wetteren nv and Gentpoort nv

On 14 July 2014, Retail Estates nv acquired the exclusive control of the companies Frun Park Wetteren nv and Gentpoort nv. These companies own retail parks situated respectively in Wetteren and Oudenaarde.

The retail park in Wetteren consists of 14 retail properties with a total area of 10,423m² and generates a gross rental income of EUR 1.30 million. It is a typical "out-of-town" location, with non-food retailers with a large area of coverage.

The retail park in Oudenaarde is situated in the outskirts of the city Oudenaarde, on a former industrial site. The retail park consists of 10 retail properties with a total area of 7,963m² and generates a gross rental income of EUR 0.67 million.

Minority interests - Retail Warehousing Invest nv

On 4 July 2012, the control was acquired over Retail Warehousing Invest nv by the acquisition of an interest of 62.50% of its shares. The agreement concluded with a view to acquiring the control provides that Retail Estates nv, at the latest on 1 July 2016, acquires all shares of this company that are not yet fully owned by Retail Estates nv, on the basis of the same valuation formula laid down in order to acquire control on 4 July 2012. Upon acquisition of the minority interest, the underlying real estate value used in this formula will be checked against the valuation of the real estate expert applicable at that time and, as the case may be, be limited to that valuation in accordance with Article 37 of the RREC Law of 12 May 2014.

Minority interests – Mijn Retail nv

Retail Estates nv has a 51% interest in the shares of Mijn Retail nv. This participation is the result of the cooperation agreement of 10 April 2014 between Retail Estates nv and be-MINE nv for the development of a retail park in Beringen, with a gross built-up surface of 18,000m².

In case of an exit of its partner, the company has a prospect of acquiring all the shares, at the earliest after the retail park's completion. By the combination of the cooperation agreement and the put options (which Retail Estates nv intends to exert) related to the minority interest, Retail Estates nv has the control of Mijn Retail nv and therefore applies the full consolidation method.

Minority interests – accounting principles

As of 31 December 2012, the balance sheet has been drawn up on the assumption that all minority interests are acquired (in accordance with IFRS), irrespective of the timing of such acquisition and on the assumption that such acquisition is paid in cash. This reflects the maximum debt ratio on the basis of the available information and the development stage of the projects. The impact on the non-current liabilities amounts to EUR 13.81 million and the impact on the current liabilities amounts to EUR 15.33 million.

Note 43

Determination of the amount in accordance with Article 617 of the Belgian Companies Code

The amount referred to in Article 617 of the Belgian Companies Code, of the paid-up capital if that amount is higher, of the called-up capital, increased with all the reserves that 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 RREC R.D.

This calculation takes place on the basis of the statutory annual accounts of Retail Estates nv.

(in € 000)	31.03.15	31.03.14
Non-distributable elements of the shareholders' equity before distribution of results	**315,934**	**302,236**
Paid-up capital	166,902	160,961
Non-available issue premiums pursuant to the articles of association	101,839	93,094
Reserve for the positive balance of the variations of the investment value of real estate	89,185	87,241
Reserve for the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-18,025	-15,985
Reserve for the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	-24,322	-23,407
Reserve for the balance of the changes in fair value of authorised hedging instruments not qualifying for hedge accounting		
Other reserves	355	332
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.	**4,339**	**4,876**
Result on portfolio	6,436	3,789
Revaluation participations	-2,097	1,087
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and of financial non-current assets		
Total shareholders' equity, statutory, non-distributable	**320,273**	**307,112**
Shareholders' equity, statutory	379,057	357,909
Planned dividend distribution	23,434	21,871
Number of shares	7,559,473	7,290,411
Distributable operational profit and loss per share (EUR)	3,10	3,00
Shareholders' equity, statutory, after distribution of dividends	**355,623**	**336,038**
Remaining reserve after distribution	**35,350**	**28,926**

3. Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 March 2015

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 March 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the accompanying consolidated financial statements of Retail Estates nv ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 13 July 2014 with respect to regulated real estate companies and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 847,439 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 35,238 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the accounting principles consistent with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 13 July 2014 with respect to 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.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors 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.

Unqualified opinion

In our opinion, the consolidated financial statements of Retail Estates nv give a true and fair view of the group's net equity and financial position as of 31 March 2015, and of its results and its cash flows for the year then ended, in accordance with the accounting principles consistent with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 13 July 2014 with respect to regulated real estate companies and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

Antwerp, 27 May 2015

The statutory auditor
DELOITTE Bedrijfsrevisoren / Réviseurs d'entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kathleen De Brabander

4. A. Statutory income statement

INCOME STATEMENT (in € 000)	31.03.15	31.03.14
Rental income	46,679	41,467
Rental related expenses	-492	-619
Net rental income	**46,187**	**40,848**
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	4,747	3,535
Rental charges and taxes normally payable by tenants on let properties	-5,015	-3,695
Other rental related income and expenses	-51	-43
Property result	**45,869**	**40,645**
Technical costs	-1,315	-988
Commercial costs	-255	-192
Charges and taxes on unlet properties	-119	-116
Property management costs	-858	-780
Other property charges	-3	
Property charges	**-2,550**	**-2,076**
Operating property result	**43,319**	**38,569**
Operating corporate costs	-2,537	-2,162
Other current operating income and expenses		
Operating result before result on portfolio	**40,783**	**36,407**

INCOME STATEMENT (in € 000)	31.03.15	31.03.14
Result on disposals of investment properties	427	171
Result on sales of other non-financial assets		
Changes in fair value of investment properties	6,436	3,789
Operating result	**47,646**	**40,367**
Financial income	964	1,685
Interest charges	-16,574	-15,402
Other financial charges	-2,129	-33
Financial result	**-17,739**	**-13,750**
Result before taxes	**29,907**	**26,617**
Taxes	-33	59
Net result	**29,874**	**26,677**

4. B. Statutory statement of other comprehensive income

Statement of other comprehensive income (in € 000)	31.03.15	31.03.14
Net result		
Other components of other comprehensive income, recyclable in income statements:	29,874	26,677
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-2,040	-1,627
Changes in the fair value of cash-flow hedges	-915	5,972
COMPREHENSIVE INCOME	26,919	31,021

5. Statutory balance sheet

ASSETS (in € 000)	31.03.15	31.03.14
Non-current assets	**778,476**	**699,406**
Goodwill		
Intangible non-current assets	120	26
Investment properties	729,976	642,537
Other tangible non-current assets	357	296
Financial non-current assets	48,022	56,545
Trade receivables and other non-current assets	2	2
Current assets	**23,116**	**19,277**
Non-current assets or groups of assets held for sale	4,819	4,385
Trade receivables	1,132	579
Tax receivables and other current assets	15,070	13,194
Cash and cash equivalents	1,231	748
Deferred charges and accrued income	865	371
TOTAL ASSETS	**801,593**	**718,683**

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.15	31.03.14
Shareholders' equity	**379,057**	**357,909**
Capital	166,902	160,961
Issue premiums	101,839	93,094
Reserves	80,441	77,177
Net result of the financial year	29,874	26,677
Liabilities	**422,536**	**360,774**
Non-current liabilities	**352,328**	**334,369**
Provisions		
Non-current financial debts	328,005	310,962
Credit institutions	328,005	310,962
Other non-current liabilities	24,322	23,407
Current liabilities	**70,208**	**26,405**
Current financial debts	54,769	19,457
Credit institutions	54,769	19,457
Trade debts and other current debts	11,439	4,059
Other current liabilities	73	73
Accrued charges and deferred income	3,928	2,816
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**801,593**	**718,683**

6. Statutory statement of changes in shareholders' equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in € 000)	Capital ordinary shares	Issue premiums	Reserves*	Net result of the financial year	Minority interests	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2013	**129,389**	**52,857**	**61,610**	**26,781**		**270,637**
- Net appropriation of profits 2013-2014						
- Transfer of portfolio result to reserves			8,459	-8,459		0
- Transfer of net current result to reserves			1,464	-1,464		0
- Reclassification between reserves						0
- Dividends of the financial year 2012-2013				-16,858		-16,858
- Capital increase	32,699	39,601				72,300
- Capital increase through contribution in kind	540	636				1,176
- Increase in shareholders' equity as a result of mergers			1,471			1,471
- Costs of capital increase	-1,667					-1,667
- Other			-172			-172
- Total result 31/03/2014			4,345	26,677		31,022
Balance according to IFRS on 31 March 2014	**160,961**	**93,095**	**77,177**	**26,677**	**0**	**357,909**
- Net appropriation of profits 2014-2015						
- Transfer of portfolio result to reserves			4,876	-4,876		0
- Transfer of net current result to reserves			-70	70		0
- Reclassification between reserves						0
- Dividends of the financial year 2013-2014				-21,871		-21,871
- Capital increase						0
- Capital increase through contribution in kind	6,054	8,744				14,798
- Increase in shareholders' equity as a result of mergers			1,609			1,609
- Costs of capital increase	-113					-113
- Other			-195			-195
- Total result 31/03/2015			-2,955	29,874		26,919
Balance according to IFRS on 31 March 2015	166,902	101,839	80,441	29,874	0	379,057

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2013	**333**	**84,843**	**2,948**	**-14,358**	**-29,379**	**17,224**	**61,610**
- Net appropriation of profits 2013-2014							
- Transfer of portfolio result to reserves		8,459					8,459
- Transfer of net current result to reserves						1,464	1,464
- Reclassification between reserves		-1,428	1,428	172		-172	0
- Capital increase through contribution in kind							0
- Increase in shareholders' equity as a result of mergers		-247				1,718	1,471
- Costs of capital increase							0
- Other		-4,385	4,385	-172			-172
- Total result 31/03/2014				-1,627	5,972		4,345
Balance according to IFRS on 31 March 2014	**333**	**87,241**	**8,761**	**-15,985**	**-23,407**	**20,234**	**77,177**
- Net appropriation of profits 2014-2015							
- Transfer of portfolio result to reserves		4,876					4,876
- Transfer of net current result to reserves						-70	-70
- Reclassification between reserves		-3,160	2,965	195			0
- Capital increase through contribution in kind							0
- Increase in shareholders' equity as a result of mergers	23	228				1,358	1,609
- Costs of capital increase							0
- Other				-195			-195
- Total result 31/03/2015				-2,040	-915		-2,955
Balance according to IFRS on 31 March 2015	356	89,185	11,726	-18,025	-24,322	21,522	80,442

7. Statutory result affectation

Result allocation (in € 000)	31.03.15	31.03.14
Net result	29,874	**26,677**
Allocation to / transfer from reserves		
- Allocation to / transfer from the reserves for the balance of changes in fair value of investment properties		
Financial year	-6,436	-3,789
- Allocation to / transfer from the reserves of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	0	0
- Allocation to / transfer from the reserves for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	0	0
- Allocation to / transfer from other reserves[6]	2,097	-1,087
Remuneration of capital	23,434	**21,871**
- Increase in shareholders' equity as a result of mergers	1,358	1,718
Result to be carried forward	3,459	**1,476**

[6] This includes the revaluation of the subsidiaries' participation, at fair value.

Permanent document

"The Retail Estates expert team is at your service."

Retail park V-Mart, Brugge

"

PUBLIC REGULATED REAL ESTATE COMPANY

Retail Estates is a public regulated real estate company. The intention of the legislator is that an RREC must guarantee optimum transparency of the property investment and generate maximum cash flow, while the investor enjoys a range of advantages. The regulated real estate company is under the control of the Financial Services and Markets Authority and is subject to a specific scheme.

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Permanent document

1. General information

Identification

Name

The official name of the company is Retail Estates nv "Public regulated real estate company according to Belgian law" or "Public RREC according to Belgian law" ('Belgian REIT').

Registered office

The registered office of the company is located at Industrielaan 6, 1740 Ternat, Belgium. Under 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 the need to amend the articles of association.

Company number

The company has been entered in the register of legal persons under the company number 0434.797.847.

Legal form, establishment, publication

The public limited company "Retail Estates – Vastgoedbevak naar Belgisch recht" (currently "Openbare GVV naar Belgisch recht" – "Public RREC according to Belgian law") was established by a legal instrument executed by the civil notary Urbain Drieskens at Houthalen on 12 July 1988 and subsequently published in the appendix to the Belgian Official Gazette on 29 July 1988 under number 880729-313.

The articles of association were most recently amended by means of a notarised record drawn up on 28 May 2015, by Tim Carnewal, associated notary in Brussels, and laid down for publication in the appendix to the Belgian Official Gazette.

The company makes a public call on savings under article 439 of the Companies Code.

Duration

The company was established for an open-ended period of time.

Social purpose

Article 3 of the articles of association:

"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 Law and its implementing decrees and regulations; and
(b) to own real estate, within the limits of the RREC legislation as specified in Article 2, 5°, i to x of the RREC Law.

By real estate is understood:

i. real estate as defined in Articles 517 et seq. of the 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 regulated real estate companies, provided joint or exclusive control is exercised over institutional RRECs;
v. the rights resulting from contracts in which the company was given one or more goods 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 interest 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 interest 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 authorised to be traded 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 the 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 the profits coming from the activities referred to in the stipulation under (iv), subject to compliance with specific legal requirements, and that at least are obliged to distribute a part of their income among their shareholders (called “Real Estate Investment Trusts” (abbreviated “REITs”));

x. real estate certificates, within the meaning of Article 5, § 4 of the Act of 16 June 2006;

xi. all other goods, shares or rights defined as real estate by the regulations applicable to the regulated real estate companies.

In the framework of the provision of 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 the case of occasional transactions), the remodelling, renovation, development, acquisition, disposal, furnishing, letting, sub-letting, exchange, transfer, contribution, development, placing under the system of co-ownership or joint ownership of property as above described, the granting or acquisition of building rights, usufruct, ground lease or other real or personal rights on properties as described above, the management and exploitation 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 to be established companies, businesses or associations in Belgium or abroad, having a purpose that is similar or complementary to that of the company (including participating interest 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 are of such a nature to realise or facilitate the realisation of its purpose and, in general, execute all transactions connected directly or indirectly to its corporate purpose.

The company can act as a real estate developer, provided it only does so on an occasional basis. The company can 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 RREC legislation.

On a temporary or subsidiary basis, the company can also invest in securities which are not real estate. Such investments shall be diversified in order to ensure an adequate allocation of risk. The company can 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 all easily convertible money market instruments.

In addition, the company can 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 can let one or more properties under finance leases. Such finance leases, with a purchase option, can only be granted on a subsidiary basis, unless the properties in question are intended to be used in the public interest (in which case, this activity can form part of the company's main business).

In general, the company is obliged to carry out all of its activities and transactions in accordance with the rules and within the limits provided for by the RREC legislation and any other applicable legislation.”

Financial year

The financial year of the company shall start on 1 April and end on 31 March of each year. The first financial year as a real estate investment company (currently “regulated real estate company”) 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 to shareholders may 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 lodged with the National Bank of Belgium. The articles of association may be obtained from the Clerk of the Brussels Commercial Court or on the website www.retailestates.com.

Notices convening general meetings shall be published in the appendices to the Belgian Official Gazette and in the newspaper De Standaard. The convening notices and all relevant documents shall simultaneously be made available on the website at www.retailestates.com > Investor Relations > Shareholders’ agenda > (Extraordinary) general meeting.

All press releases and other financial information published by Retail Estates nv may be viewed on the same website.

The annual reports of the company shall be sent to holders of registered shares, other holders of securities who have fulfilled the formalities prescribed by the Companies Code and to any person who request them. They shall also be obtainable at the registered office of the company.

Legal regime

The legal regime for a regulated real estate company

The RREC system was established by the Royal Decree of 13 July 2014 and the Law of 12 May 2014.

The concept of a regulated real estate company is based on the Real Estate Investment Trusts (USA – “REITs”).

The intention of lawmakers was for an RREC to guarantee optimum transparency of real estate investments and to assure a maximum disbursement of cash flow, while allowing investors to enjoy numerous benefits. The RRECs are regulated by the FSMA, and are subject to some specific regulations, of which the most important are:

- the legal status must be that of a private limited company or a partnership limited by shares, with a minimum capital of EUR 1,200,000;
- indebtedness must be limited to 65%;
- the portfolio must be stated at fair value (real value) without a possibility of write-downs;
- independent experts must make an annual estimate of the real estate assets, which must be updated at the end of the first three quarters of each financial year;
- at least 80 % of the current result must be paid out as a dividend;

- the risk must be spread, i.e. not 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 25%) must be deducted from the payable dividend. This is by way of discharge of obligations, insofar as natural persons are concerned, 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 RREC may place assets in securities;
- possibility to request that branches of the RREC be given the status of an institutional RREC.

The objective of all these rules is to limit risks. Companies that merge with an RREC are subject to a 16.995% tax over the unrealised gains and tax-free reserves, i.e. the 'exit tax', plus a supertax at the prevailing rate.

2. Articles of association

Corporate form – name – registered office – corporate purpose – term of existence

Article 1: Corporate form and name

The company takes the form of a limited liability company under Belgian law with the name "Retail Estates". This name shall be immediately followed by the words "Public regulated real estate company under Belgian law" or "Public RREC under Belgian law" ("Société immobilière réglementée publique de droit belge" or "SIR publique de droit belge" / "Openbare gereglementeerde vastgoedvennootschap naar Belgisch recht" or "Openbare GVV naar Belgisch recht") and all documents issued by the company shall contain this mention.

The company solicits its financial resources in Belgium or abroad by means of a public offering of shares, and therefore publicly appeals to savings within the meaning of Article 438(1) of the Companies Code. The company's shares are authorised to be traded on a regulated market.

The company is subject to the statutory framework governing public regulated real estate companies under Belgian law, hereafter called "public RREC".

The company is subject to the regulated real estate companies' legislation, applicable at any time, and particularly to the provisions of the Law of 12 May 2014 regarding regulated real estate companies (the "RREC Law") and the Royal Decree of 13 July 2014 regarding regulated real estate companies (the "RREC R.D.") (this law and its implementing decree are hereinafter referred to as the "RREC legislation").

Article 2: Registered office

The registered office is located at 6 Industrielaan, 1740 Ternat.

The registered office can be transferred to any other location in Belgium, pursuant to a decision of the board of directors, which complies with the applicable legislation on the use of languages, without an amendment to these articles being required.

The board of directors can also establish administrative offices, places of business, branches 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 Law and its implementing decrees and regulations; and
(b) to own real estate, within the limits of the RREC legislation as specified in Article 2, 5°, i to x of the RREC Law.

By real estate is understood:

i. real estate as defined in Articles 517 et seq. of the 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 regulated real estate companies, provided joint or exclusive control is exercised over institutional RRECs;
v. the rights resulting from contracts in which the company was given one or more goods 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 interest 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 interest 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 authorised to be traded 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 the 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 the profits coming from the activities referred to in the stipulation under (iv), subject to compliance with specific legal requirements, and that at least are obliged to distribute a part of their income among their shareholders (called "Real Estate Investment Trusts" (abbreviated "REITs"));
x. real estate certificates, within the meaning of Article 5, § 4 of the Act of 16 June 2006;
xi. all other goods, shares or rights defined as real estate by the regulations applicable to the regulated real estate companies.

In the framework of the provision of 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 the case of occasional transactions), the remodelling, renovation, development, acquisition, disposal, furnishing, letting, sub-letting, exchange, transfer, contribution, development, placing under the system of co-ownership or joint ownership of property as above described, the granting or acquisition of building rights, usufruct, ground lease or other real or personal rights on properties as described above, the management and exploitation 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 to be established companies, businesses or associations in Belgium or abroad, having a purpose that is similar or complementary to that of the company (including participating interest 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 are of such a nature to realise or facilitate the realisation of its purpose and, in general, execute all transactions connected directly or indirectly to its corporate purpose.

The company can act as a real estate developer, provided it only does so on an occasional basis. The company can 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 RREC legislation.

On a temporary or subsidiary basis, the company can also invest in securities which are not real estate. Such investments shall be diversified in order to ensure an adequate allocation of risk. The company can 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 all easily convertible money market instruments.

In addition, the company can 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 can let one or more properties under finance leases. Such finance leases, with a purchase option, can only be granted on a subsidiary basis, unless the properties in question are intended to be used in the public interest (in which case, this activity can form part of the company's main business).

In general, the company is obliged to carry out all of its activities and transactions in accordance with the rules and within the limits provided for by the RREC legislation and any other applicable legislation.

Article 4: Prohibitions

The company may not act as a property developer in the sense of the RREC legislation, except concerning 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: Term

The company is incorporated for an indefinite term.

Capital - shares

Article 6: Capital

6.1. Share capital

The company's share capital is fixed at one hundred and seventy million ninety-one thousand eighty-seven euros and fifty-seven cents (EUR 170,091,087.57) *(by the amendment to the articles of association of 28 May 2015 as a result of the capital increase, the capital has increased to €198,435,728.35)*.

The capital is divided into seven million five hundred and fifty-nine thousand four hundred and seventy-three (7,559,473) shares, without par value, each of which represents an equal share of the capital *(by the amendment to the articles of association of 28 May 2015 as a result of the capital increase, the number of shares has increased to 8,819,213)*. The capital is paid up in full.

6.2. Authorised capital

The board of directors is authorised to increase the share capital on one or more occasions, up to a maximum amount of one hundred and sixty-four million, thirty-seven thousand, eighty-seven euros, 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 State Gazette of the amendment to the articles of association, adopted by the extraordinary general 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 general meeting.

Within the above limits, and without prejudice to mandatory provisions of the Companies 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 general meeting, to issue other securities, including, without limitation, (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 remove the preferential right granted by the Companies 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 shares. This irreducible allocation right shall meet the requirements determined by the RREC legislation and Article 6.4 of these articles of association.

This right need not be granted in the event of a contribution of cash made in the context of an optional dividend distribution, under the circumstances provided by 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 RREC 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 with 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 Companies 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 general meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the RREC 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 capital increases carried out pursuant to these authorisations entail an issue premium, the amount thereof 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 general meeting, deliberating in accordance with the conditions set forth in Article 612 of the Companies Code, without prejudice to its incorporation in the company's capital.

6.3. Acquisition, transfer and pledge of own shares

The company can acquire, pledge or retransfer its own shares on the conditions provided for by law.

The board of directors is authorised, within the limits of Articles 620 et seq. of the Companies 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 State Gazette of the authority granted by the extraordinary general meeting of 24 October 2014, and can be extended by the general meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary general 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 cannot be less than eighty-five percent (85%) of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge) and cannot exceed one hundred and fifteen percent (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 cannot, at any time, hold more than 20% of the total outstanding shares.

The above-mentioned authorisations 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 Companies 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 Companies Code and the RREC legislation.

The company's capital can be increased pursuant to a decision of the general meeting, deliberating in accordance with Article 558 and, if applicable, Article 560 of the Companies 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 general meeting, or within the limits of the authorised capital, the shareholders' preferential right can only be restricted or cancelled if an irreducible allocation right is granted to the shareholders of record at the time that the new shares are awarded. This irreducible allocation right shall meet the following requirements, determined by the RREC legislation:

1. it applies to all new shares issued in their entirety;
2. it is granted to the shareholders in proportion to the percentage of capital that their shares represent at the time of the transaction;
3. a maximum share price is announced no later than the day before the opening of the public subscription period; and
4. the public subscription period lasts, in this case, for at least three trading days.

This irreducible allocation right applies to the issuance of shares, (subordinated or non-subordinated) convertible bonds, and warrants, but does not have to be allocated to a cash contribution with a limitation or cancellation of the preferential 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 Companies 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 RREC legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Companies Code, and also, if applicable, in the notice of the general meeting called to vote on the capital increase;
2. the issue price cannot 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 regard, 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.

If the general meeting decides to require the payment of an issue premium, this amount must be booked in a non-distributable reserve, which can only be reduced or abolished pursuant to a decision of the general meeting, deliberating in accordance with the conditions provided to amend the articles of association and respecting the procedure provided to reduce the share capital. The issue premium shall serve, like the share capital, as a common guarantee for the benefit of third parties.

6.5. Capital reduction

A capital reduction can only take place if similarly situated shareholders are treated equally and if the applicable provisions of the Companies Code are observed.

6.6. Mergers, divisions and equivalent transactions

In accordance with the RREC legislation, the additional requirements set forth in Article 6.4 in the event of a contribution in kind are applicable mutatis mutandis to mergers, divisions and equivalent transactions within the meaning of Articles 671 to 677, 681 to 758 and 772/1 of the Companies Code.

Article 7: Characteristics of the shares

At the shareholders' choosing, the shares can be registered or in dematerialised form.

Any shareholder can, at any time, request the conversion of his or her shares.

The shares shall remain in registered form when the law so requires.

Effective 01.01.2015, securities whose beneficiaries remain unknown shall be offered for sale, in accordance with the applicable legislation.

The board of directors can, within the limits fixed by law, determine the formalities for the conversion of former bearer securities into dematerialised (and/or registered) form.

Registered securities shall be recorded in the register of shares kept at the company's registered office. Title to shares can only be established through the recording in this register.

Dematerialised securities are represented by a book entry, in the name of the owner or holder, with a settlement institution or authorised account holder.

All shares are fully paid up, and without par value.

Article 8: Exercising of the rights attached to the shares

The shares are indivisible, and the company only recognises one owner per share. When several persons can claim rights to the same share, the exercising 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 mentioned in Article 460 of the Companies Code, with the exception of profit sharing instruments and analogous securities, provided that the specific rules stipulated by the RREC legislation and these articles 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 RREC legislation.

Every shareholder is obliged to notify the company and 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 Companies Code, no-one is allowed more votes at a general meeting of the company than the number of votes attached to the securities which the person in question had declared to own at least twenty (20) days before the date of the general meeting.

Management and supervision

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, appointed by the general meeting of shareholders for a maximum term of six years, and elligible to be removed by the general meeting at all times. The directors may be re-elected.

The board of directors shall have at least three independent directors, within the meaning of Article 526ter of the Companies Code.

For the exercise of their mandates, the directors must have the necessary professional integrity and appropriate expertise as provided for in the RREC legislation, and may not fall within the scope of the prohibitions laid down in the RREC legislation.

In the event of a vacancy on the board of directors, the remaining directors shall have the right, acting as a board, to temporarily appoint another director to fill the vacancy until the next general meeting, at which time the vacancy will be filled definitively.

The director so appointed shall serve out the term of the director he or she was appointed to replace.

Article 12: Chairperson and meetings of the board of directors

The board of directors can appoint a chairperson from amongst its members.

The board of directors shall meet when called by the chair, by two directors, or 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 least 24 hours in advance.

In exceptional circumstances, when the above-mentioned convocation deadlines cannot be met, the time periods can be shortened. When this proves necessary, notice can be given by telephone, in addition to the above-mentioned means.

The meeting is presided over by the chairperson or, if the chair is absent, by a director appointed by the directors present. The person presiding over the meeting can appoint a secretary, who need not be a director.

Any director can, 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 can represent more than two other directors.

Each director that attends or is represented at a meeting is deemed to have been validly notified thereof. A director can 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 convocation formalities. In any case, the proper fulfilment of the convocation 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 can 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 can 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 can 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 can be called, which can 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 can, in principle, only deliberate and vote on the items that are on the agenda.

Pursuant to Article 521 of the Companies Code, in exceptional cases duly justified by their urgency and the corporate interest, the board of directors can take decisions unanimously in writing. However, it cannot use this procedure to draw up the annual accounts or determine the use 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 presiding over 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 can be delegated to a representative.

Article 14: Prevention of conflicts of interest

The directors, the person(s) in charge of the daily management, and the company's representatives cannot act as a counterparty in a transaction with the company or one of its subsidiaries, or derive any benefit from such a transaction, except when the transaction is proposed in the interest of the company, as well as 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 semi-annual report.

The preceding provisions do not apply to transactions that fall outside the scope of application of the conflicts of interest procedure provided for by the RREC legislation.

Articles 523 and 524 of the Companies Code remain applicable in full.

Article 15: Powers of the board of directors

The board of directors has the power to perform all acts necessary or useful to realise the company's corporate purpose, with the exception of those that are reserved by law, or these articles, to be executed by the general meeting.

The board of directors shall draw up the semi-annual report and the annual report. The board shall appoint one or more experts, in accordance with the RREC legislation, and if applicable, propose any modification to the list of experts, contained in the file accompanying its application to be recognised as an RREC.

The board can determine the remuneration of any representative on whom it confers special powers, in accordance with the RREC 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 RREC legislation, no remuneration can 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 conferred onto a minimum of two persons.

The persons entrusted with the effective management of the company must have the necessary professional integrity and appropriate expertise to exercise their functions, in accordance with the RREC legislation, and may not fall within the scope of the prohibitions laid down in the RREC legislation.

The board of directors can 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 can 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, can delegate to a representative, who need not be a director, all or some of their powers pertaining to extraordinary or specific questions within the context of a given assignment.

The board of directors can create one or more advisory committees from amongst its members, subject to its responsibility. The board shall determine the composition and the duties of any such committees.

Article 18: Management committee

Without prejudice to Article 17, concerning the daily management and the delegation of powers, and within the limits provided for by Article 524bis of the Companies Code, the board of directors can delegate all or some of its management powers to a management committee, composed of several members, who need not be directors, although this delegation of powers cannot concern the company's general policy, with regard to any acts reserved by law or the articles of association to the board of directors, or decisions or transactions to which Article 524ter of the Companies 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.

When a legal entity is appointed to the management committee, it is obliged to designate, in accordance with the applicable provisions of the Companies 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, either by two directors acting jointly or, in the context of the daily management, by a person entrusted with such management. With respect to third parties, they need not produce proof of a prior board decision.

Moreover, the company is validly bound by special representatives acting within the scope of their mandate.

The company can 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 auditors to perform the duties incumbent on them pursuant to the Companies Code and the RREC legislation.

The auditor(s) must be recognised by the Financial Services and Markets Authority (FSMA).

General meetings of the shareholders

Article 21: Meetings

A general meeting shall be held each year, on the first Friday of July, at 10:00 a.m. If this day is a public holiday, the general meeting will be held on the next working day, at the same time.

An extraordinary or special general meeting can be called each time the interests of the company so require.

These general meetings can be called by the board of directors or by the auditor(s) and must be called each time that the shareholders collectively representing one-fifth of the share capital so request.

General meetings are held at the company's registered office, or at any other location mentioned in the notice or otherwise indicated.

One or more shareholders collectively possessing at least 3% of the share capital can, in accordance with the provisions of the Companies Code and its limits, request the inclusion of items on the agenda of any general meeting, and submit proposals for resolutions on the items included or to be included on 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 general meeting. The directors shall answer the questions put to them by shareholders during the general 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 general meeting is published, the shareholders can 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 thereto.

The 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 Companies Code, a general meeting must be called by means of a notice published in the Belgian State Gazette, a national newspaper (except in those cases expressly mentioned in the Companies Code) and in the media in accordance with the requirements of the Companies Code, at least 30 days before the meeting. If a new meeting must be called, and if the date of the second meeting is mentioned in the first notice, the notice for the second meeting must be published at least 17 days before the meeting.

The notice shall be sent to the holders of shares, bonds, registered warrants and registered depositary receipts which have been issued in collaboration with the company, as well as to the directors and auditors within the above-mentioned period before the meeting; the notice can 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 a mention of the subjects 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 Companies Code.

The documents which must be made available by law and a copy thereof shall be sent pursuant to the applicable provisions of the Companies Code.

A shareholder that participates in, or is represented at, a meeting is considered to have received valid notice thereof. A shareholder can also, before or after a general meeting which he or she does not attend, waive his or her right to rely on any defect or irregularity committed in fulfilment of the convocation formalities.

Article 23: Participation in the general meeting

The right to participate in and vote at a general meeting is subject to the recording of the shares in the shareholder's name on the fourteenth day preceding the general 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, without regard to the number of shares actually held by the shareholder on the date of the general meeting.

The holders of dematerialised shares that wish to take part in a general 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 particate in the general 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 that wish to participate in a general meeting must notify the company of their intention to do so, by regular mail, fax or email, reaching the company's registered office no later than the sixth day before the date of the meeting.

All shareholders or their proxy holders are obliged, before participating in 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: Proxy voting

Any shareholders can be represented at a general meeting by a proxy holder, who need not be a shareholder.

A shareholder can only appoint one proxy holder for a given general meeting, without prejudice to the derogations provided for in the Companies 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, mentioning the subjects to be discussed and the proposed resolutions; (2) a request for instructions regarding the exercising of voting rights for the various items on the agenda; and (3) an indication of the manner in which the proxy holder 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 general meeting.

Co-owners, beneficial owners and bare owners, creditors and debtors-pledgees must be represented, respectively, by one and the same person.

Article 25: Correspondence voting

If the board of directors so authorises in the notice of the meeting, shareholders can vote on the items on 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 general 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: Presiding committee

Every general meeting shall be presided over by the chairperson of the board of directors or, in the chair's absence, by a director appointed by the directors present or by a member of the meeting appointed by the latter. The chair shall appoint a secretary.

When the number of persons present so allows, the meeting shall select two scrutineers (returning officers), further to a proposal of the chair.

The minutes of general meetings are signed by the chairperson of the meeting, the secretary, the scrutineers, the directors, and the auditor(s) present, as well as those shareholders who so request.

The minutes shall be kept in a special register. Proxies shall remain attached to the minutes of the meeting for which they were granted.

Article 27: Number of votes and the exercising of voting rights

Each share carries one vote.

The holders of bonds and warrants can attend the general meeting, but are not entitled to vote.

Article 28: Deliberations and voting

The general meeting can validly deliberate and vote, without regard to the percentage of share capital present or represented, except in those cases where the Companies Code requires a quorum.

The general meeting cannot 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, any decision can be adopted by the general meeting by a simple majority of the votes cast. Blank and invalidly marked ballots shall not be counted when calculating the votes cast.

Decisions regarding approval of the company's annual accounts and discharge of the directors and auditor(s) are adopted by a majority of votes.

When the general meeting is asked to deliberate, amongst other things, on:

- an amendment to the articles,
- an increase in or reduction of the share 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 called, 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 Companies Code, including those in relation to the modification of the corporate purpose, the acquisition, the pledge, and the transfer of own shares by the company, the dissolution of the company when, as the result of losses, the company's net asset value falls below a quarter of its share 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 general meeting decides otherwise by a simple majority of votes cast.

Article 29: Minutes

The minutes of general meetings are signed by the members of the presiding committee and by those shareholders who so request.

Copies of, or extracts from, the minutes, which are to be used in court or otherwise, shall be signed by the chairperson, the secretary, and the scrutineers or, in their absence, by two directors.

Financial year – annual report – dividends

Article 30: Financial year and the annual report

The financial years starts to run on the first of April and closes on the thirty-first of March the following year.

At the end of each financial year, the board of directors shall draw up a list of assets and liabilities, as well as the financial statements. The board of directors shall also draft a report, in which it explains its management of the company. The auditor shall draft a detailed written report, in preparation for the annual general 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 Companies Code and the RREC legislation, the amount of which is prescribed by the RREC legislation.

The board of directors can, within the limits of the applicable provisions of the Companies 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 general meeting decides to distribute shall be paid at the time and place determined by the general 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 had known, or should have known, under the circumstances, that the distribution made in their favour was contrary to the statutory requirements.

Article 33: Annual report and semi-annual report

The company's annual and semi-annual reports, containing the stand-alone and consolidated annual and semi-annual accounts, and the auditor's report, shall be placed at the disposal of the shareholders, in accordance with the applicable statutory provisions applicable to the issuers of financial instruments admitted to trading on a regulated market and within the RREC legislation.

The company's annual and semi-annual reports shall be made available on its website.

Shareholders have the right to obtain a copy of the annual and semi-annual 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 more liquidators appointed by the general meeting. The liquidator(s) can only take office after a confirmation of their appointment by the commercial court. 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. To this end, they shall have the broadest powers in accordance with the applicable provisions of the Companies Code, without prejudice to any limits imposed by the general meeting.

The liquidator(s) is/are obliged to call a general meeting each time that the shareholders collectively representing a fifth of the share capital so request.

The general meeting shall determine the fees of the liquidator(s).

The liquidation of the company shall be closed in accordance with the provisions of the Companies Code.

Article 35: Allocation of liquidation proceeds

After settling all debts, expenses and liquidation costs, the net asset value shall first be used to pay back, in cash or in securities, the paid-up share capital that has not yet been reimbursed.

Any remaining balance shall be divided equally amongst the shares.

General provisions

Article 36: Choice of domicile

Any director, manager, and liquidator of the company whose domicile is abroad is deemed, for the purpose of his or her official functions, to have elected a domicile at the company's registered office, to which address all communications, notices, and convocations can 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 convocations will be validly sent to their last known address.

Article 37: Applicable law

Any provision of these articles that is contrary to the mandatory provisions of the Companies Code and to the RREC 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

Peripheral retail properties Damart and
Bruynzeel Keukens, Lochristi

Miscellaneous

1. Statements

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 auditor and the real estate experts.

The board of directors, whose members are named on page 46, 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 affiliated 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 auditor, accurately present the property, the financial condition, and the results of Retail Estates nv and the subsidiaries included in the consolidation. The management report further contains the expectations concerning next year's results, plus explanatory notes on the risks and the uncertainties facing the company.

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.

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, Finsbury Properties nv, Distri-Land nv, Aalst Logistics nv, Retail Warehousing Invest nv, Frun Park Wetteren nv, Gentpoort nv and Mijn Retail nv 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 rely automatically on such forward-looking statements.

Availability of the annual report

This annual report is available in Dutch and French 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 version. The Dutch version shall prevail in the event of contradictions between the Dutch and French versions. For information purposes only, the company has published an electronic version of the annual report on the website of Retail Estates nv (www.retailestates.com). An English version of the annual report is also available on the website. None of the other information published on the website of Retail Estates nv forms part of this annual report.

2. Glossary

Acquisition value

This is the term to be used for the purchase of a building. Any conveyance fees payable are included in the acquisition price.

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.

Book value of a company

The book value of a company means the totality of its equity. The book value can be found in the company's balance sheet.

Book value of a share

NAV (Net Asset Value) means equity divided by the number of shares.

Bullet loan
A loan repaid in its entirety at the end of the loan term.

Chain stores
These are companies that have a central purchasing department and operate at least five different retail outlets.

Contractual rents
The index-linked basic rents as provided in the lease agreements as of 31 March 2015, before deduction of gratuities or other benefits granted to 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 Law 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 tax rate applied to the difference between the fair value of the registered capital of companies and the book value of its capital at the time that a company is recognised as a regulated real estate company, or merges with a regulated real estate company.

Fair value
This value is equal to the amount for which a building could be swapped between properly informed parties, consenting and acting under normal competitive conditions. From the point of view of the seller, it must be construed minus the registration charges.

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 distributed.

IAS
The International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) were drawn up by the International Accounting Standards Board (IASB), defining international standards for the preparation of annual accounts.

European listed companies are required to apply the rules in their consolidated accounts for financial years starting from 1 January 2005.

IFRS
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,...

Intrinsic value
The intrinsic value of a share is the actual estimated value of the share, assuming that the company was to cash in all of its assets.

Investment value
This is the value of a building, as estimated by the independent real estate expert, including the conveyance charges after deduction of the registration charges. This value corresponds with what was formerly called 'value after costs paid by the vendor' or 'value in hand'.

IRS
An Interest Rate Swap (IRS) is an agreement between parties to exchange interest rate cash flows during a predetermined period of time on an amount agreed beforehand. This concerns only the interest rate cash flows. The amount itself is not swapped. IRS is often used to hedge interest rate increases. In this case, a variable interest rate will be swapped for a fixed one.

Net cash flow
Operating cash flow, net current result (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 current cash flow
Operating cash flow, net current result (share of the group) plus the additions to depreciation, impairments on trade receivables and additions to, and withdrawals from, provisions.

Net dividend
The net dividend is equal to the gross dividend after retention of 25 % 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 leasing, expressed in m².

OLO/linear bond
Government bond usually deemed equivalent to a virtually risk-free investment, and used as such to mitigate the risk premium compared with listed securities.

The risk premium is the additional return expected by the investor for the company's risk profile.

Operational cash flow (EBITDA)

Operating income (EBIT) plus depreciations and impairments.

Operating result (EBIT)

EBIT (Earnings Before Interests and Taxes) is the net current result before interest charges and taxes. Pursuant to the status of Belgian REIT, Retail Estates nv does not have to write down on its buildings. Consequently, the EBIT closely resembles the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), because Retail Estates nv applies depreciation only to intangible assets (such as the costs of capital increases) and plant, property and equipment (such as company vehicles and office furniture).

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.

Peripheral 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 highway.

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 which 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.

Result on portfolio

Achieved and unachieved higher or lower values relative to the most recent valuation by the expert, including the exit tax owed on account of inclusion of the property of the acquired companies in the system of regulated real estate companies.

Retail cluster

A collection of peripheral retail properties, located along the same traffic axis and, from the consumer's point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis.

Retail park

Retail properties that form part of an integrated commercial complex and are grouped together with other retail properties. All properties use a central car park with a shared entrance and exit road.

Return

The total return achieved by the share in the past 12 months or (most recent price + gross dividend)/price in the previous year.

RREC Legislation

The Royal Decree of 13 July 2014 in execution of the Law of 12 May 2014 on regulated real estate companies (Belgian REITs).

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.

Stock 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.

Velocity of circulation

Sum of the shares traded monthly, relative to the total number of shares over the past 12 months.

Information sheet

Name:	Retail Estates nv
Status:	Public regulated real estate company ("RREC" - 'Belgian REIT') according to Belgian law
Address:	Industrielaan 6, 1740 Ternat, Belgium
Tel:	+32 (0)2 568 10 20
Fax:	+32 (0)2 581 09 42
E-mail:	info@retailestates.com
Website:	www.retailestates.com
Register of legal entities:	Brussels
VAT:	BE 0434.797.847
Enterprise number:	0434.797.847
Date of incorporation:	12 July 1988
Status as fixed-capital real estate investment fund granted:	27 March 1998 (until 23 October 2014)
Status as regulated real estate company granted:	24 October 2014
Duration:	Unlimited
Management:	Internal
Auditor:	Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA - Berkenlaan 8B at B-1831 Diegem, represented by Mrs. Kathleen De Brabander
Financial year closing:	31 March
Capital at 31.03.2015:	EUR 170,091,087.57 *(by the amendment to the articles of association of 28 May 2015 as a result of the capital increase, the capital has increased to EUR 198,435,728.35)*
Number of shares at 31.03.2015:	7,559,473 *(by the amendment to the articles of association of 28 May 2015 as a result of the capital increase, the number of shares has increased to 8,819,213)*
Annual shareholders' meeting:	First Friday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio:	Investment value EUR 857.86 million – fair value EUR 837.12 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
Real estate experts:	Cushman & Wakefield and CBRE
Number of properties:	554*
Type of properties:	Peripheral retail real estate
Liquidity provider:	KBC Securities

* The decrease in the number of properties compared to 31 March 2014 can be explained by a correction regarding the total number of properties.

Design & realisation : The Design Factory - 010/60 19 18

RETAIL ESTATES

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