



RETAIL ESTATES 2017

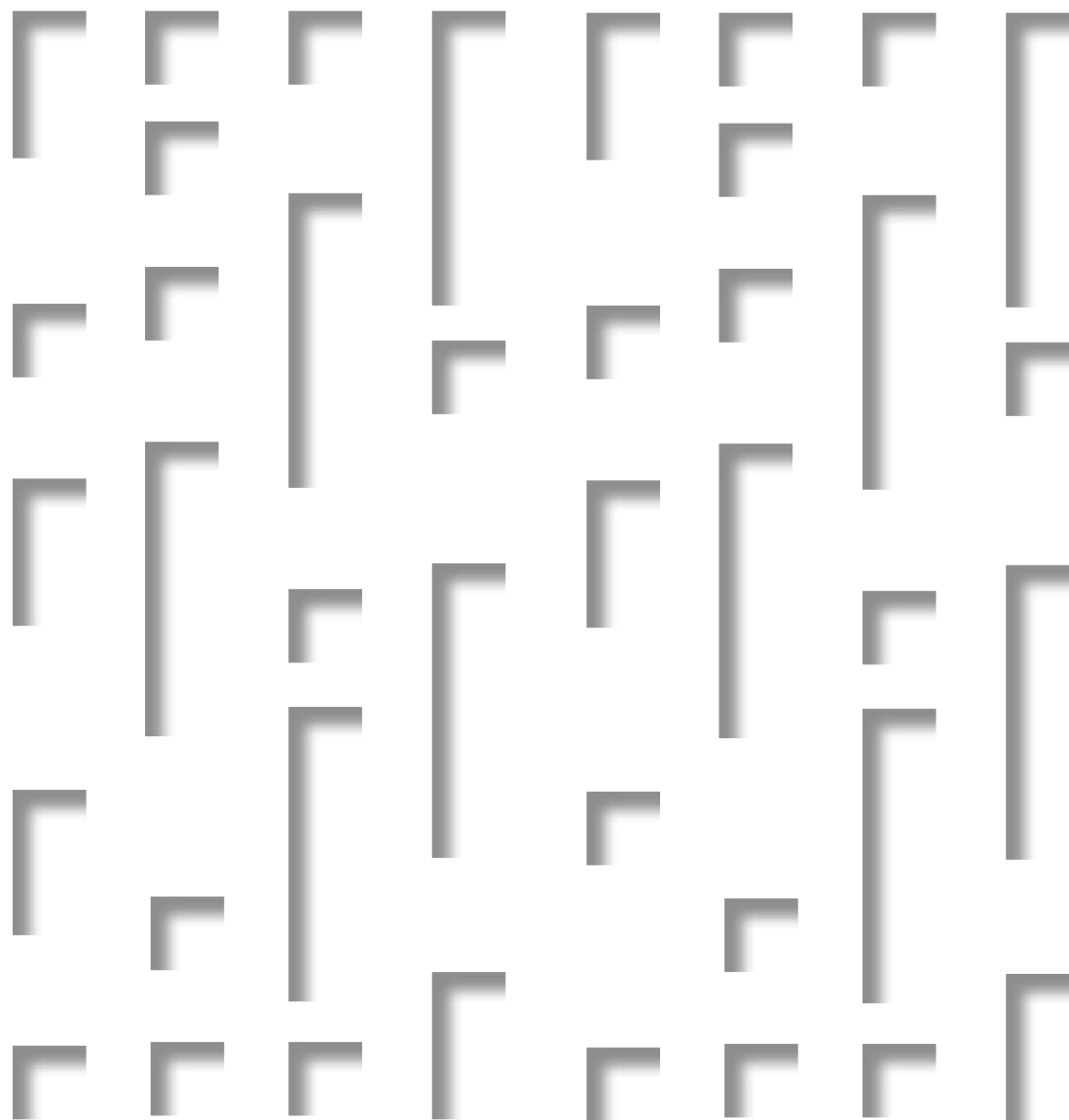
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ALTERNATIVE PERFORMANCE MEASURES AND THE TERM “EPRA EARNINGS”

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

As a result of this directive, the previously used term “net current result” is no longer applicable. The designation has therefore been changed to “EPRA earnings”. There is no substantive difference with the previously used term “net current result”.



BASIC

Teen
Lifestyle

SHOP ZEB.BE

Er zit een beetje Bristol in iedereen.



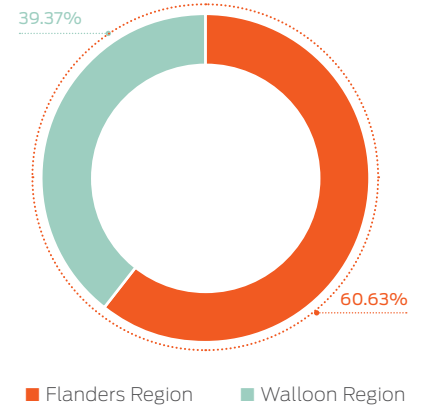
GEOGRAPHICAL SPREAD CLUSTERS



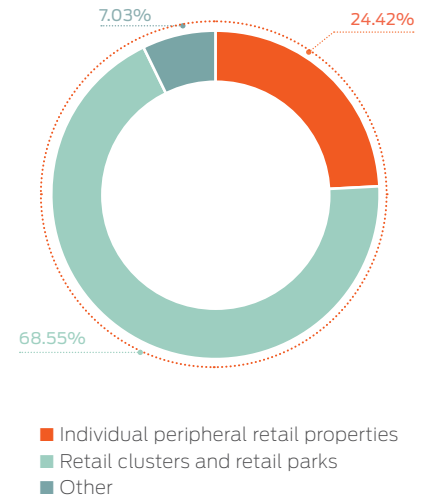
668
Retail properties

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

Geographical distribution



Type of building



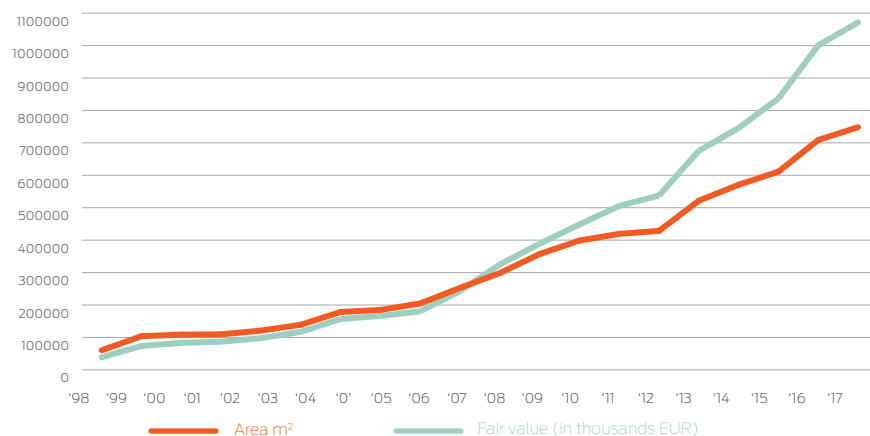
Fair value
1,071 million EUR

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

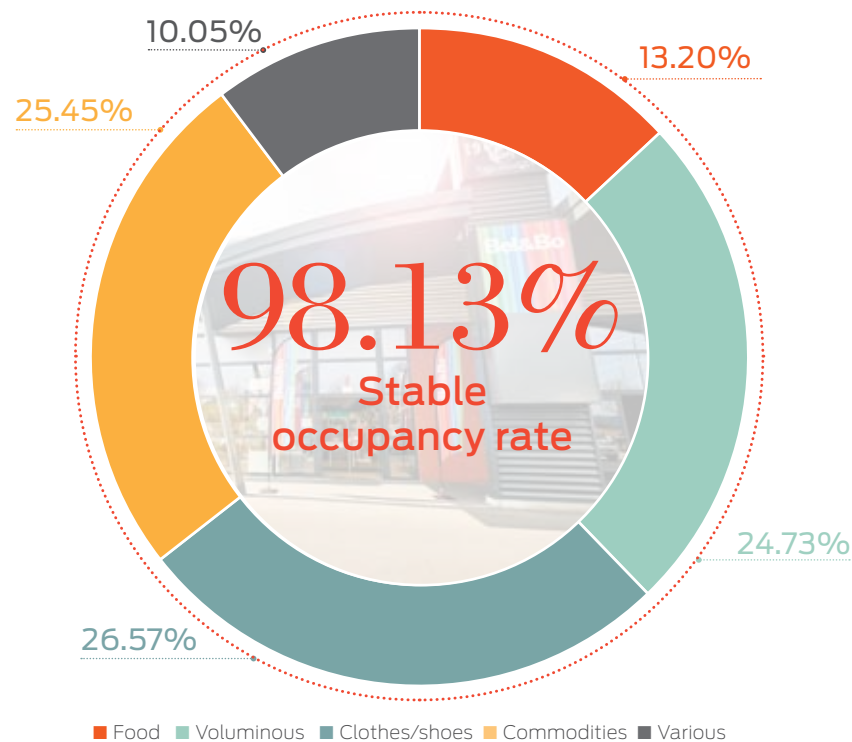
“ The company’s growth is also supported by its employees. ”



Growth portfolio Retail Estates nv between 1998 and 2017



Commercial activities of tenants



KEY FIGURES 2015-2017

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	31/03/17	31/03/16	31/03/15
Total retail properties	668	634	554
Total lettable area in m ²	748,136	708,879	611,076
Estimated fair value in EUR	1,071,361,000	1,000,799,000	837,121,000
Estimated investment value in EUR	1,097,917,000	1,025,536,000	857,862,000
Average rent prices per m ²	95.45	95.86	92.48
Occupancy rate	98.13%	98.22%	98.78%
BALANCE SHEET INFORMATION			
Shareholders' equity	514,970,000	474,170,000	381,212,000
Debt ratio (RREC legislation*, max. 65%)	50.26%	49.95%	51.54%
RESULTS			
Net rental income	66,024,000	61,680,000	52,706,000
Property result	65,465,000	61,386,000	52,334,000
Property charges	-4,940,000	-4,504,000	-3,362,000
General costs and other operating costs and income	-2,941,000	-2,841,000	-2,888,000
Operating result before result on the portfolio	57,584,000	54,041,000	46,084,000
Result on the portfolio	13,889,000	10,557,000	6,610,000
Operating result	71,473,000	64,598,000	52,694,000
Financial result	-19,064,000	-21,774,000	-17,128,000
Net result	52,136,000	42,035,000	35,238,000
EPRA Earnings	39,115,000	36,473,000	28,628,000

INFORMATION PER SHARE	31/03/17	31/03/16	31/03/15
Number of shares	9,008,208	8,866,320	7,559,473
Number of shares entitled to dividend	9,008,208	8,866,320	7,559,473
Net asset value IFRS	57.17	53.48	50.43
EPRA NAV	59.29	56.66	53.68
Net asset value (investment value) excl. dividend excl. changes in the fair value of authorized hedging instruments	58.96	56.27	53.34
Gross dividend per share	3.30	3.20	3.10
Net dividend per share	2.310	2.336	2.325
Gross dividend yield on closing price (excl. dividend)	4.48%	4.28%	4.22%
Net dividend yield on closing price (excl. dividend)	3.10%	3.09%	3.16%
Closing price on closing date	76.90	78.00	76.64
Average share price	77.54	73.53	64.91
Evolution of share price during the financial year	-1.28%	5.65%	30.01%
Over-/undervaluation compared to net asset value IFRS	34.51%	45.85%	51.97%

* 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).



ÉCLAIRAGE



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Une réduction de
20% sur tous les achats
dans votre magasin Voltis
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à la demande

Des idées

REMARKABLE FACTS

Retail parks

Acquisition of retail park at **Frameries**, expansion retail park at **Verviers** with Darcis (chocolatier) and renovation retail park at **Westerlo**.



Retail clusters

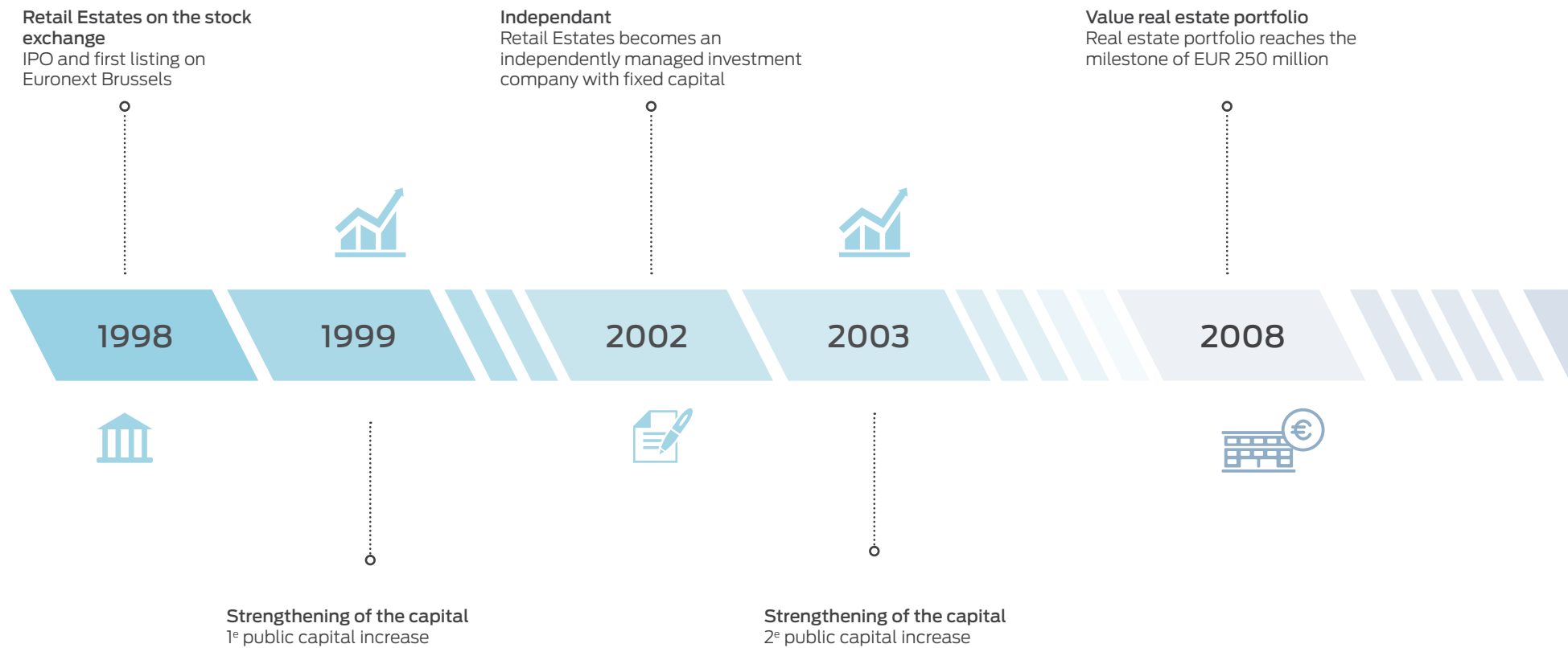
New-build project after demolition
Tournai - tailor-made project
for Leen Bakker

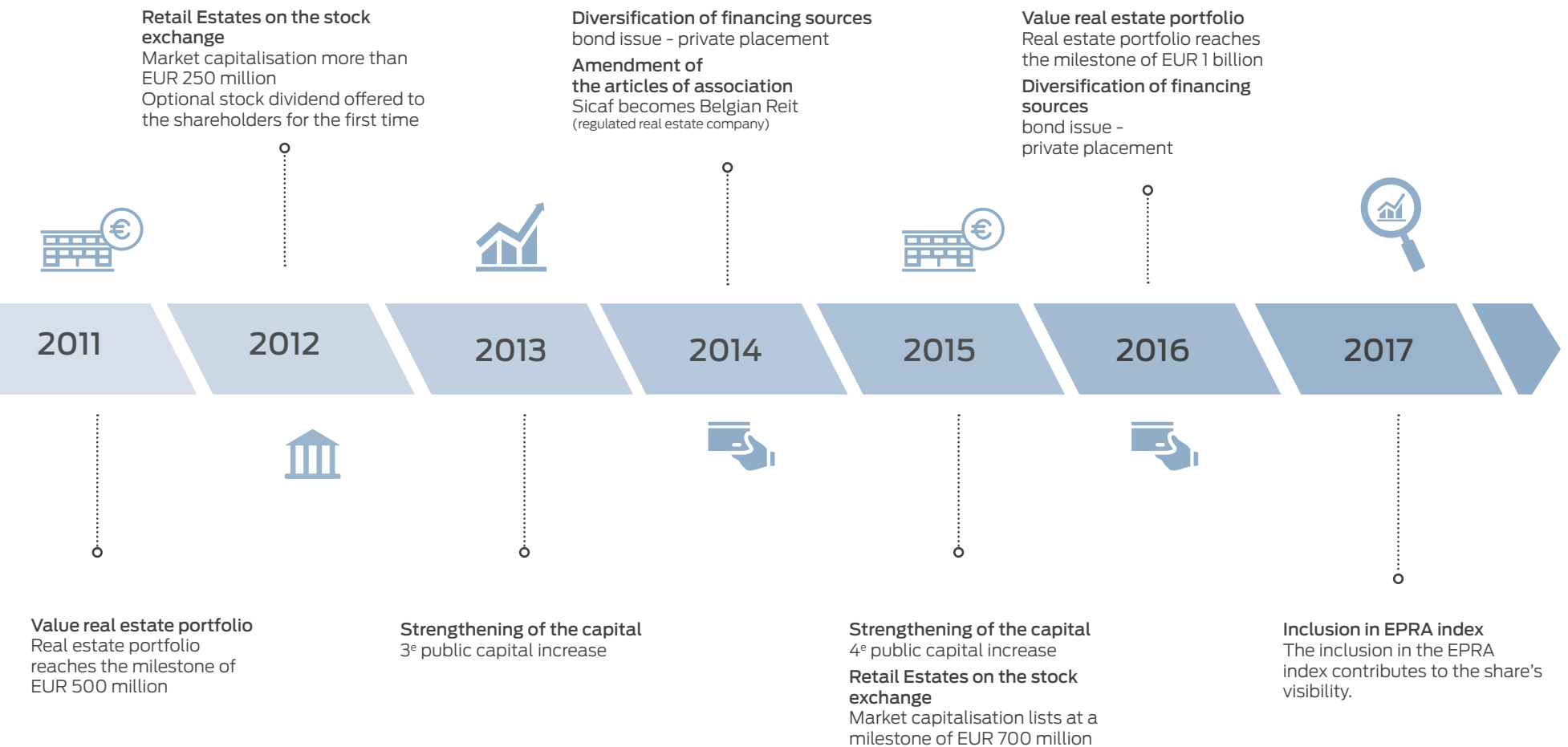
Solitaire players

Project development at **Nivelles** –
tailor-made project for Aldi after
demolition and reconstruction



KEY EVENTS 1998-2017







RISK MANAGEMENT

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“ The value of out-of-town retail property is mainly determined by the commercial value of the property’s location. ”

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

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

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

01

MARKET RISKS

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

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

The value of out-of-town retail property is mainly determined by the commercial value of the property's location. Due to the scarcity of good locations, supply and demand tend to exert upward pressure in both the private and

institutional investor markets. The values are generally inflation-proof due to indexation of the rent, but they are interest rate sensitive due to the high debt ratio of many investors. The willingness to invest on the part of institutional investors can temporarily decrease due to macroeconomic factors that affect the availability and cost of credit. Experience shows that the private investor market, which still represents more than 60% of investments, is less sensitive to this.

INFLATION RISK

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

The Group's exposure to inflation mainly concerns costs related to the lease, including those with respect to renovation and investment, which can be indexed on a basis different than the health

index, which could allow these costs to increase more quickly than the increase in rents.

LIMITING FACTORS AND CONTROL

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

DEFLATION RISK

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

The Group is partly protected against the risk of deflation (and a corresponding decrease in rental income). Virtually all of the Group's lease agreements specify that the rental price cannot fall below the level of the base rent (i.e. the base rent applicable when the lease

agreement is concluded). But even in the case of these lease agreements, a decrease in rent to a level that is lower than the current rent but higher than the base price cannot be ruled out.

E-COMMERCE

DESCRIPTION OF THE RISK

Impact of online shopping on existing sales channels.

POTENTIAL IMPACT

- > Reduced demand for physical shops due to increased online shopping.
- > Demand for smaller shops (fewer m²) due to less stock being present in the shops.

LIMITING FACTORS AND CONTROL

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

TERROR THREAT

DESCRIPTION OF THE RISK

Impact of external elements such as terrorism.

POTENTIAL IMPACT

Interrupted activity and consequentially loss of the tenant and reduced rental income.

LIMITING FACTORS AND CONTROL

The company is insured against lost rental income for a period of 18 to 36 months (depending on the type of permit to be obtained) due to acts of vandalism or terror.

CHANGING ECONOMIC CLIMATE

DESCRIPTION OF THE RISK

Impact of falling consumption and a declining economy.

POTENTIAL IMPACT

- > Reduction in demand for shops.
- > Higher vacancy rates and/or lower rents when re-letting.
- > Decrease in the fair value of the real estate and consequently also

in Net Asset Value (NAV).

- > Possible bankruptcies of tenants.

LIMITING FACTORS AND CONTROL

- > Quality of the tenants with mainly retail chains and a limited annual provision for doubtful debtors (on average about 0.50% of rent per year)
- > Sectoral diversification of customers and low average contractual rent
- > Value is determined by the commercial value of the property’s location. Retail Estates spreads its investments throughout all major shopping areas in Belgium. These investments are concentrated in Flanders and Wallonia, in particular in the subregions with strong purchasing power.
- > Usually a bank guarantee of 3 to 6 months is required.

MACROECONOMIC FACTORS

DESCRIPTION OF THE RISK

Extreme volatility and uncertainty in the international markets.

POTENTIAL IMPACT

May lead to greater difficulty in accessing the stock market to acquire new capital/shareholder’s equity, or less liquidity available in the debt capital markets for refinancing outstanding bond loans.

LIMITING FACTORS AND CONTROL

The company aims to build long-term relationships with financial partners and investors, and has unused credit facilities available to absorb liquidity shortages.



02

OPERATIONAL RISKS

VACANCY AND LEASE POTENTIAL

DESCRIPTION OF THE RISK

Risks in different domains: vacancy, but also lease potential, tenant quality, the ageing of buildings and the evolution in supply and demand in the rental market.

POTENTIAL IMPACT

- > Rental income and cash flow affected by an increase in vacancy and the costs of re-letting
- > Reduction in the quality and solvency of tenants, resulting in an increase in doubtful debtors, thereby reducing the level of debt collection
- > Decrease in the fair value of

the real estate portfolio and consequently a decrease in the NAV and an increase in debt ratio

LIMITING FACTORS AND CONTROL

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

AGEING OF BUILDINGS

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

Management makes every effort

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

ACQUISITIONS

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

There is a risk that hidden liabilities in these transactions will be transferred to Retail Estates.

LIMITING FACTORS AND CONTROL

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

SOIL CONTAMINATION**DESCRIPTION OF THE RISK**

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

POTENTIAL IMPACT

Retail Estates is in principle not liable for such - by definition historical - contamination. The activities of the tenants of the company usually only result in a very limited risk of contamination and moreover are the responsibility of the tenant. However, the legislation currently applicable in the three regions provides for complex, time-consuming

procedures when transferring real estate and this can result in research and study costs. The regulations relating to soil transport results in additional costs if contaminated soil must be manipulated during construction work at such contaminated sites.

LIMITING FACTORS AND CONTROL

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

TRAFFIC INFRASTRUCTURE**DESCRIPTION OF THE RISK**

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

“ Management makes every effort to anticipate these risks and, to this end, conducts a consistent policy with respect to maintenance and repairs. ”

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

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

KEY PERSONNEL**DESCRIPTION OF THE RISK**

The loss of key figures within the organisation.

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

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

competences of the team members.

ICT & FRAUD

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

> The company has in place a corporate governance charter and trading rules. The trading rules are published on the company's website and are also communicated to the team.

> A disaster recovery plan was also developed to ensure that the company's activities can be continued in the event of a disaster or crisis. All data is also backed up in various ways (on

site, off site on tape, and in the cloud).

> The necessary measures have also been taken regarding access and security.

> For ICT-related services, Retail Estates is supported by an external partner with which an SLA (Service Level Agreement) has been concluded.

03

FINANCIAL RISKS

LIQUIDITY RISK

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

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

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

LIMITING FACTORS AND CONTROL

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

INTEREST RATE VOLATILITY

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

> Increased cost of debt results in an impact on earnings and cash flows, and a decrease in profitability.

> Strong fluctuations in the value of financial instruments with potential impact on NAV.

> In the current context of negative interest rates, the method used by some banks of demanding a floor for the Euribor rate (which is used as a reference in the financing contracts) of 0%, has

a negative effect on the financial costs. Indeed, an asymmetry is present since Retail Estates must pay a negative interest rate for its hedging instrument while the banks use a 0% floor.

LIMITING FACTORS AND CONTROL

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

> The company has limited the risk of “floors” with its 4 major banks as much as possible by allowing floors only for the portion of the credits that are not covered, or by building in floors in the interest rate swaps.

COUNTERPARTY RISK

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

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

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

COVENANT RISK

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

- > The company generally has agreed the following covenants

with its bankers and bondholders:

- Retention of BE-REIT status
- Minimum portfolio size
- ICR (calculated on net rental results) ≥ 2

- > The Belgian BE-REIT Act imposes a maximum debt ratio of 65%.
- > The company complies with all the covenants required by the banks. In addition, in accordance with Art. 24 of the BE-REIT Belgian Royal Decree, Retail Estates nv submits

a budget forecast with an implementation schedule as long as the consolidated debt ratio, as defined in the same Belgian Royal Decree, is greater than 50%. This describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of consolidated assets. The evolution of the debt ratio is monitored at regular intervals and the influence of any planned investment operation on debt levels is analysed in advance. This obligation has no impact on the company's banking covenant risk.



O4

REGULATORY RISKS

RISK ASSOCIATED WITH REGULATORY CHANGE

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

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

PERMITS

DESCRIPTION OF THE RISK

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

POTENTIAL IMPACT

> Impact on the value of the real estate, since this value is largely determined by the presence of all urban planning permits and permissions under the law on commercial establishments according to the desired use of the property.

> If a new use must be allocated to the property due to external circumstances, changes to the permits granted must be requested.

> Obtaining such changes is often time-consuming and the process lacks transparency, which causes property to be temporarily vacated, even though tenants had been found for it.

LIMITING FACTORS AND CONTROL

> Management devotes due

attention to reviewing the urban planning permits when acquiring and developing retail outlets.

> In addition, management continuously tries to evaluate changes in urban planning permits and permissions and compliance with these, and to anticipate such changes.

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

DESCRIPTION OF THE RISK

Risk of future changes to the

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

POTENTIAL IMPACT

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



LIMITING FACTORS AND CONTROL

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

TAX LAW**DESCRIPTION OF THE RISK**

The exit tax owed by companies whose assets are taken over by a BE-REIT in the case of (among others) a merger is calculated taking into account Circular Ci.RH. 423/567.729 of the Belgian Tax Authorities of 23 December 2004, whose interpretation or practical application could always change. The “actual value for tax purposes” referred to in this circular is calculated with a deduction of registration fees or VAT (which would apply in the event of a sale

of the assets) and may differ from the fair value of the real estate as recorded in the balance sheet of the public BE-REIT in accordance with IAS 40.

RISKS ASSOCIATED WITH THE STATUS OF INSTITUTIONAL BE-REIT**DESCRIPTION OF THE RISK**

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

POTENTIAL IMPACT

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

LIMITING FACTORS AND CONTROL

- > Constant monitoring of legal requirements and compliance with these, assisted by external specialist advisers.

“Constant monitoring of legal requirements and compliance with these, assisted by external specialist advisers.”

- > Intensive dialogue with the regulator in the context of prudential oversight of the BE-REITs.
- > Representation of the company in organisations representing the BE-REIT sector.

Hechi
world kitchen


hunkemöller
HANDWEITER



LETTER TO THE SHAREHOLDERS

“

The real estate portfolio was selectively expanded with a significant investment in the small-town province of Hainaut, where we have been weakly represented until now.

The investment in the real estate portfolio of Hainaut Retail Invest with its 25 retail outlets valued at EUR 39.33 million has changed this.

”



“ The value of the real estate portfolio exceeds the milestone of EUR 1 billion and the market value of Retail Estates on the stock market regularly lists at a milestone of EUR 700 million. ”

Dear shareholders,

Retail Estates further expanded its investments in out-of-town retail over the past financial year. EUR 62.86 million was invested in expanding the real estate portfolio and optimising the retail properties. This pronounced focus on a dynamic segment of retail in general and the corresponding real estate segment in particular again translated into growth of EPRA earnings per share from EUR 4.23 to EUR 4.39 and an increase in the value of the real estate portfolio which propelled net asset value of the share (IFRS) from EUR 53.48 to EUR 57.17 per share. These results support the profile of our share as that of a steadily growing company with a defensive investment profile.

However, we may not be blind to the daily challenges faced by retailers, our customers. The life cycle of investments in

shop fixtures and concepts is accelerating and the survival of some shop concepts is being called into question, under pressure among others from e-commerce. Consumers are better informed than ever of what the market has on offer and the prices at which they can make their purchases. The expansion of home delivery under pressure from e-commerce has eliminated the “cash-and-carry” concept and the retailer is obliged to expand the products it has at the point of sale with on-line products that need to be included in the sales process. The retailer’s logistics process needs to be adapted to accommodate this. We support shopkeepers in the adjustments that this revolution entails in adapting their point of sale. Those who are unable to adapt their shop concept to consumer

“ The main indicator of health remains the occupancy rate which was above 98% for the 19th year in a row, with tenant turnover limited to 4.94% in the past year in a retail park with 668 properties. ”

demand fast enough are coming under pressure more quickly than ever. The disappearance of “outdated” concepts is not new, but the pressure exerted by the market is unprecedented in high visibility sectors such as clothing and shoes as well as in less eye-catching sectors such as household products and DIY.

The real estate portfolio was

selectively expanded with a significant investment in the small-town province of Hainaut, where we have been weakly represented until now. The investment in the real estate portfolio of Hainaut Retail Invest with its 25 retail outlets valued at EUR 39.33 million has changed this. Investments were also made in expanding the retail parks of Verviers, Westerlo and Wetteren.



In recent years, financing of the company has been strengthened in this regard through a limited number of capital increases amounting to EUR 9.22 million, the issue of new bond loans for an amount of EUR 55 million, and the reservation of part of EPRA earnings for an amount of EUR 8.44 million.

Operational results were also good. The main indicator of health

remains the occupancy rate which was above 98% for the 19th year in a row, with tenant turnover limited to 4.94% in the past year in a retail park with 668 properties. The limited loss on debts owed (EUR 0.29 million or 0.39% of gross rental income including costs for the expense of tenants) also reflects the health of the real estate portfolio. When lease agreements in retail parks are

“ The company’s growth is also supported by its employees. Our team has also been expanded over the past year with special attention given to management. ”

renewed, significant rent increases are noted that are partly reinvested in renovation or expansion work. Rising or stable rents are obtained at cluster locations. Some solitary locations that were affected by the creation of new retail parks are under greater pressure.

The company's growth is also supported by its employees. Our team has also been expanded over the past year with special attention given to management. Here again there was no deviation from the recruiting principles of recent years that give priority to employees with strong experience in retail. On 1 April 2017 a three-member management team was started that, together with the new legal counsel, will assist the CEO in the day-to-day management of the company.

The proposed dividend for financial year 2016-2017 that we will present for your approval at the next shareholders' meeting

amounts to EUR 3.30 gross (EUR 2.310 net) and represents an increase of more than 3% compared to the dividend for the previous financial year, which is significantly greater than the very low inflation experienced during the same period. Retail Estates will thus distribute EUR 29.73 million of its current profit, and invest the balance of the undistributed profit in the company's growth.

We trust that a reading of our annual report will reinforce your confidence in our company. Our board of directors, together with our 20 employees, is committed to 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. In this, our attention in the first place goes to our customers and the consumers that make it possible for retailers to achieve their sales. It was no

“ Our board of directors, together with our 20 employees, is committed to 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. ”

accident that we again chose as slogan “In retail we trust”.

Ternat, 19 May 2017



Paul Borghgraef
Chairman of the board of directors



Jan De Nys
Managing director



2.75

McDonald's

MANAGEMENT REPORT

03

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

Retailparks 2009-2016

2009

- > **KRÜGER CENTER - EEKLO**
12.344m² store area
- > **POLIS CENTER - LUIK (BARCHON)**
11.871m² store area

2010

- > **ATH SHOPPING CENTER**
5.270m² store area

2012

- > **T-FORUM - TONGEREN**
30.930m² store area
- > **V-MART - BRUGGE**
14.110m² store area
- > **CHARLEROI (AISEAU-PRESLES)**
8.182m² store area
- > **GEMBLoux**
8.237m² store area
- > **LOMMEL**
6.938m² store area

2013

- > **CRESCEND'EAU - VERVIERS**
21.711m² store area

2014

- > **FRUNPARK - WETTEREN**
10.423m² store area
- > **FRUNPARK - OUDENAARDE**
7.953m² store area

2015

- > **ANTWERPEN (MERKSEM)**
16.078m² store area
- > **ROCOURT**
10.955m² store area
- > **BRAINE L'ALLEUD**
7.331m² store area
- > **EUPEN**
7.533m² store area
- > **WESTELPARK - WESTERLO**
11.102m² store area
- > **BE-MINE BOULEVARD - BERINGEN**
17.637m² store area

2016

- > **FRAMERIES**
7.653m² store area

krugersshopping



BE-MINE
BOULEVARD

*shoppen in het hart
van de mijnstreek!*

Reporting on financial year 2016-2017



01

STRATEGY – INVESTMENT IN OUT-OF-TOWN RETAIL REAL ESTATE

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

Retail Estates nv is a Belgian Real Estate Investment Trust (“BE-REIT”), more specifically a niche company that specialises in investing in out-of-town retail real estate located at the periphery of residential areas or along main access roads into urban centres. Retail Estates nv buys these real 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 out-of-town retail real estate, which ensures steady, long-term growth, due to its location and the quality and diversification of its tenants. The projected growth results both from the value of the asset and the income generated from leasing.

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

The selective purchase and construction of shops at particular locations (so-called ‘retail clusters and retail parks’) are aimed at simplifying the management and

boosting the value of the portfolio. Retail Estates nv has currently identified 46 clusters in which it is systematically increasing its investments. These represent 68.55% of its portfolio. The clusters are spread throughout Belgium.

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

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

Most of its tenants are well-known retail chains.

As of 31 March 2017, Retail Estates

nv has 668 premises in its portfolio. The retail lettable surface area amounts to 748,136m², while the occupancy rate measured in rented square metres is 98.13%.

A total of 9,742m² 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 2017, the fair value of the real estate portfolio of Retail Estates nv and its subsidiaries is estimated by the independent property experts at EUR 1,071.36 million (excluding transaction costs of 2.50%) and the investment value at EUR 1,097.92 million (including transaction costs).

Retail Estates nv has invested a total of EUR 14.04 million in "Distri-Land" real estate certificates. It currently holds 86.05% of the issued "Distri-Land" real estate certificates. The issuer of these

“ In order to reconcile the profitability expectation of Retail Estates nv and its tenants over the long term, special attention is paid to rental rates. ”

real estate certificates owns 10 retail properties with a fair value of EUR 17.62 million. During the past financial year, one property in the Distri-Land portfolio was sold (CarpetRight in Hasselt) for an amount of EUR 2.40 million. For this, Retail Estates nv received a net coupon of EUR 1.82 million.

ACQUISITION CRITERIA

Retail Estates nv seeks to optimise its real estate portfolio, in terms of profitability and potential capital gains, by paying attention to a

number of criteria which serve as guidelines when acquiring real estate:

CHOICE OF LOCATION

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

this is to develop some forty cluster locations and retail parks.

RENTAL RATES 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 rates. Experience shows that the excessive rents charged by certain project developers result in a high level of customer turnover when sales do not rapidly meet the retailers' expectations.

GEOGRAPHICAL DISTRIBUTION

Retail Estates nv spreads its investments across all major centres in Belgium. In practice, however, it invests little in the Brussels Capital Region due to its extremely low supply of out-of-town locations. As a result, the public BE-REIT prefers to concentrate its investments in 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 out-of-town shopping clusters into large groups of modern, connected retail properties is increasing by the year. Such redevelopments generally make possible an increase in lettable area and a better alignment of the premises with tenants' needs. Another distinct advantage of redevelopments is that parking and road infrastructure is improved, and retail properties are modernised.

DIVERSITY OF TENANTS

Retail Estates nv seeks to have as many different retail sectors as possible represented in its list of tenants, with a preference for sectors known to have valuable retail outlets.

In times of economic hardship, not all retail sectors are equally affected by a possible fall in turnover. A good distribution over diverse sectors limits the risks attached to negative economic developments.



02

INVESTING VIA RETAIL ESTATES NV BELGIAN REAL ESTATE INVESTMENT TRUST

Since 24 October 2014, Retail Estates nv is a public Belgian real estate investment trust. In its capacity of public BE-REIT – and with a view to maintaining this status – the company is subject to the BE-REIT legislation, which contains restrictions relative (among others) to the activities, debt ratio and appropriation of the results. As long as it respects the above-mentioned rules, the company benefits from an exceptional tax regime. This regime allows Retail Estates nv to pay virtually no corporate tax on its earnings, 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 BE-REIT, also has additional assets

such as its strongly diversified real estate portfolio, and the fact that it has been incorporated for an indefinite period of time.

Investments in out-of-town retail real estate have, over the years, become more attractive, owing to a stricter permit policy adopted by the government, a very limited supply of high-quality shop locations, and 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 out-of-town retail real estate market. This influence, as well as the tendency to further institutionalise the investment market for out-of-town retail real estate, not only explains the rise in rents, but also the increase in the fair value of this property in the longer term. Moreover, several tenants of the company have incorporated the benefits of distance selling – by means of online selling – in their

“ The internationalisation of the retail property market, in conjunction with the shift from city centre to out-of-town shopping, ”

retail concept. This tendency even extends to the points of sale, which benefits these companies' market position.

Each Retail Estates nv shareholder owns an investment instrument that can be traded freely and cashed in at any time via Euronext. All shares of Retail Estates nv are held by the public and a number of institutional investors. On 31 March 2017, 5 shareholders reported that, in accordance with the transparency legislation and Retail Estates nv's articles of association, they have stakes exceeding the

statutory threshold of 3% and/or 5% (further explanation on page 53 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.retailstates.com) with relevant shareholder information.

The net asset value (NAV) of the share is an important indication of its value. The net asset value

is calculated by dividing the consolidated shareholders' equity by the number of shares. The NAV (IFRS) amounted to EUR 57.17 on 31 March 2017. This represents an increase of 6.90% (EUR 53.48 over the previous year). On 31 March 2017, the stock market price of the share was EUR 76.90, representing a premium of 34.51%.

The NAV EPRA amounts to EUR 59.29 in the year under review compared to EUR 56.66 in the previous year. This increase is due to the positive change 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 141,888. Hence, there was no dilution of the NAV per share.

03

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

INVESTMENTS — RETAIL PARKS

INVESTMENTS WITH A VIEW TO EXPANDING THE WETTEREN RETAIL PARK (HEERZELE NV)

In 2014, Retail Estates nv acquired the retail park with 14 shops and a gross retail area of 10,423m². The retail park that opened in 2008 is known as Frunpark Wetteren. It is very successful and attracts consumers from far and wide.

Retail Estates nv acquired controlling interest (51%) of real estate company Heerzele nv on 30 August 2016, which is owner of property in Wetteren on which, after obtaining the necessary permits, it wishes to expand its retail park in Wetteren.

The total operation consists of the creation of approximately

9,000m² of gross retail space, a significant expansion of the car park, estimated annual rental income of EUR 0.90 million and an expected total investment of EUR 14.40 million.

Ideally, the completion time is 24 months, which means expected delivery by September 2018.

In accordance with the provisions of the relevant municipal spatial implementation plan, the shops are mainly for large-scale retail.

WETTEREN (BLOVAN NV)

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

The property is fully leased with an expected annual rental income of EUR 0.30 million until 2020. The investment value used as a

reference for this transaction is EUR 4.74 million.

WESTERLO (OEVEL)

On 30 June 2015, Retail Estates nv acquired 9 properties in a retail park located at the Geel-West exit of the Antwerp-Liège motorway. This site includes 4 other properties belonging to third parties. The retail park has undergone a thorough renovation and will be commercialised in the course of 2017-2018.

With two consecutive transactions, Retail Estates nv acquired two of these four properties during the past financial year. This acquisition is intended to integrate these 2 retail properties into the retail park. On 25 October 2016, a shop in Westerlo of approx. 995m² leased to bvba Merkkleding was purchased for EUR 1.98 million. Expected annual rental income amounts to EUR 0.12 million. Then on 14 December 2016, property located at Bell Telephonaan 2/1,

Westerlo, with an investment value of EUR 1.70 million, was acquired in the context of a contribution in kind. This comprises a shop leased to Action BVBA and a solar panel installation (see also below). Expected annual rental income amounts to EUR 0.11 million.

HAINAUT

On 23 December 2016, Retail Estates nv acquired all shares of a real estate company that has 25 retail properties spread across the province of Hainaut. All of these are leased to retail chains that mainly belong to the discount segment. Shop area has been leased for example to Lidl, Action, Chaussea, Trafic, Bel&Bo and Shoe Discount (Bristol).

The retail properties have a total shop surface area of 25,738m² and represent expected annual rental income of EUR 2.42 million. Gross initial return on the investment is 6.44%.

For more information, please see the press release of 23 December 2016, available on the Retail Estates nv website.

The purchase price of the shares of the real estate company in question was paid for half in cash, and an amount of EUR 11.33 million was paid by the issue on 5 April 2017 of 174,404 new shares that will share in profit from the financial year commencing on 1 April 2017.

VERVIERS (FONCIÈRE DE LA STATION VERVIETOISE BVBA)

On 6 January 2017, the Group acquired the grounds (property encumbered with a ground lease) of its retail park in Verviers by the acquisition of the real estate company Foncière de la Station Vervietoise bvba by Finsbury Properties nv (50%) and Retail Warehousing nv (50%) for an amount of EUR 0.37 million.



The above acquisitions were made at a valuation that corresponds to the fair value of the relevant shops or retail parks, as determined by real estate experts Cushman & Wakefield, CBRE or Stadim.

PROJECT DEVELOPMENT

The project in Froyennes was completed on 30 September 2016. The new 1,500m² retail building has been leased to Leen Bakker for an annual rent of EUR 0.13 million.

An existing shop in Sint-Stevens-Woluwe was renovated into two separate shops with surface areas of 1,027m² and 1,042m². This project was also completed on 30 September 2016. One unit was leased to Beter Bed, the other to Cool Blue, the market leader in online sales of electronics, and household and sporting goods, which is now also systematically opening physical shops. The total rent for both units is EUR 0.22 million.

In addition, the building in Verviers, a custom project of approximately 2,000m² for chocolatier Darcis, was completed on 1 July 2016. This project is the object of a financial lease. The total investment amounts to EUR 1.03 million. This investment represents a strengthening of the retail park since an important hospitality sector function was added.

Finally, a building in Tienen (fair value EUR 3.95 million) and a shop in Westerlo (fair value EUR 1.74 million) were completed.

OPTIMISATION OF REAL ESTATE PORTFOLIO

Retail Estates nv pays close attention to the changing needs of its tenants with respect to shop 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 shop. Sometimes a choice is even made for a combination of both.

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

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

DISPOSALS

In the past financial year, properties were divested for a net sale price of EUR 9.72 million. A net capital gain of EUR 0.28 million was realised on these disposals.

6 retail properties were sold for a net sale price of EUR 7.29 million.

The sold properties are located in Aartselaar (1 property, 3,480m²), Spa (1 property, 1,470m²), Waregem (1 property, 999m²), Mons (2 properties, 2,249m²) and Eeklo (1 property, 104m²). The fair value of these properties amounted to EUR 7.04 million at the time of sale.

In a notarial deed of 28 September 2016, the Distri-Land real estate certificate for the property located in Hasselt, leased to CarpetRight, was sold for a net sale price of EUR 2.41 million. The sales proceeds were paid to the depositary receipt holders on 30 September 2016. For this, Retail Estates nv received a net coupon of EUR 1.82 million.

In addition, 8 lots of the Westende site were sold for a net sale price of EUR 0.072 million per lot. A total capital gain of EUR 0.025 million per lot was realised on these 8 lots.

Finally, 3 car parks in Jette were sold for a net sale price of EUR 0.02 million.

These disposals find their context in an annual recurring sales programme of individual shops that do not belong to Retail Estates nv's core portfolio due to their location, shop size and/or commercial activity.

INVESTMENTS: CONCLUSION

The acquisitions and completion of own developments in the 2016-2017 financial year, less disposals, resulted in an increase of EUR 67.11 million for the real estate portfolio. Total rental income increased by EUR 1.99 million in the 2016-2017 financial year due to these investments, and decreased by EUR 0.05 million in the past financial year due to the disposals. If the acquisitions and disposals would have taken place on 1 April 2016, rental income would have increased by EUR 4.23 million.

The investments are financed by a mix of shareholder's equity (issue of new shares by contribution in kind or in the capital market) and

borrowed capital (financing of working capital by the banks, issue of a bond loan...).

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

OCCUPANCY RATE

The occupancy rate of the Retail Estates nv real estate portfolio is 98.13%.

Of course the occupancy rate must be seen as a snapshot behind which are hidden a series of transactions that took place in the past financial year. They do not imply a guarantee regarding the future since the legislation on commercial leasing is mandatory and allows for cancellation every three years for all tenants.

RENTAL INCOME

In the past financial year, 4 smaller SME tenants and the retail company Charles Vögele (clothing stores declared bankrupt, 1 shop of which still leased from Retail Estates nv) filed for bankruptcy.

“ Retail Estates nv pays close attention to the changing needs of its tenants with respect to shop area. ”

The necessary provisions have been set aside for these uncollectable debts.

At the end of this financial year, outstanding trade receivables amount to EUR 0.57 million. EUR 0.15 million concerns the operating and reserve fund. Taking into account the guarantees obtained - both rental guarantees and the requested bank guarantees - the credit risk on trade receivables is limited to approximately 45% (EUR 0.19 million) of the outstanding amount on 31 March 2017.

DAMAGE CLAIMS

In the past financial year, no significant damage by fire or other major disaster took place. Unfortunately, vandalism is a recurring problem for shops located at the outskirts of large urban agglomerations.

ACQUISITION OF FULL PARTICIPATION IN INSTITUTIONAL BE-REIT RETAIL WAREHOUSING INVEST NV

On 29 May 2012, controlling interest was acquired of Retail Warehousing Invest nv through the acquisition of 62.50% of the shares. On 5 October 2016, an agreement was concluded with



a view to the acquisition of the remaining minority interest. This was done through the acquisition of all shares of RWI Invest (then called Databuild Retail nv), the holder of this minority stake.

Retail Warehousing Invest owns 30 retail properties throughout Belgium. RWI Invest has no assets other than 375 shares of Retail Warehousing Invest nv, which then represented 37.50% of the share capital of that company.

Since the acquisition of this majority interest, Retail Estates nv has systematically recognised its obligation to purchase this minority interest as a debt in the consolidated financial statements. The amount of this debt was adjusted to the quarterly price review clauses contained in the agreement of 29 May 2012.

The result of Retail Warehousing Invest nv has always been fully consolidated. Consequently, this

transaction has only a limited impact on the consolidated results.

The transaction consists of two parts. The first part concerns the transfer and payment by 5 October 2016 of approximately half of the shares for an amount of EUR 7.68 million. The second part consisted of the issue of 115,735 new shares in the context of a capital increase by contribution in kind with a contribution value of EUR 7.52 million (see below).

CAPITAL INCREASES IN THE CONTEXT OF AUTHORISED CAPITAL INCREASES

BY CONTRIBUTIONS IN KIND

On 14 December 2016, the board of directors made two capital increases in the framework of the authorised capital by two contributions in kind.

First, 187 shares of RWI Invest nv (then Databuild Retail nv), with a contribution value of EUR 7.52 million, were contributed as part

of an initial capital increase. This contribution was compensated by the issue of 115,735 shares of Retail Estates nv. The new shares were issued at the issue price of EUR 65 and will share in the profit for the financial year commencing on 1 April 2016. As a result of this contribution, Retail Estates nv acquired the balance of the shares of Databuild Retail nv which it did not yet own. The most important asset of this company is a minority interest in the institutional BE-REIT Retail Warehousing Invest nv, for which Retail Estates nv now directly or indirectly controls all shares.

Then, a shop in Westerlo was contributed (see above). The contribution was compensated by the issue of 26,153 new shares of Retail Estates nv. The new shares were issued at the issue price of EUR 65 and will share in the profit for the financial year commencing on 1 April 2016.

As a result of these capital

increases, 141,888 shares were issued, bringing the total number of issued shares as of 31 March 2017 to 9,008,208.

IMPLEMENTATION OF THE FINANCING STRATEGY

The loan portfolio was restructured during the first semester of the past financial year. Credit extensions were obtained from all the major Belgian banks in which maturities and interest rates were renegotiated. In addition, in the second quarter of financial year 2016-2017, Retail Estates nv realised two private placements of securities to institutional investors for a total of EUR 55 million and a maturity of ten years. The combination of these credit rearrangements and bond issues resulted in an extension of the average maturity of the portfolio (to 5.08 years), diversification of financing sources and a decrease in the weighted average interest rate (from 3.42% on 31 March 2017 to 2.86% on 31 March 2018).

MERGER BY ACQUISITION OF SUBSIDIARIES

On 1 July 2016 and 3 October 2016, the mergers by acquisition of the companies PanEuropean Retail Properties nv and Vlaamse Leasing Maatschappij nv by Retail Estates nv were adopted by the board of directors of the respective companies, both with immediate effect.

On 23 December 2016, the mergers by acquisition of the companies PanEuropean Property Investments nv and Localiège nv by Retail Warehousing Invest nv (institutional REIT) were adopted by the board of directors of the respective companies, with immediate effect.

On 20 January 2017, the mergers by acquisition of the companies Fimitobel nv and Texas Management nv by Retail Estates nv were adopted by the board of directors of the respective companies, effective 31 January 2017.

On 31 March 2017, the merger by acquisition of the company TBK bvba by Retail Estates nv was adopted by the managers and the board of directors of the respective companies, with immediate effect.

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

INCLUSION IN EPRA INDEX

On 2 March 2017, the EPRA website announced that Retail Estates nv will be included in the "FTSE EPRA/NAREIT Developed Europe Index" from 20 March 2017, after market close. In the last quarterly review of the index, Retail Estates nv met all the criteria for inclusion set by the EPRA.

The inclusion of Retail Estates nv in the EPRA index contributes to the share's visibility. We believe that this inclusion will promote the interests of new institutional investors and will increase the liquidity of the share.

“ The inclusion of Retail Estates nv in the EPRA index contributes to the share’s visibility. We believe that this inclusion will promote the interests of new institutional investors and will increase the liquidity of the share. ”

The goal of the EPRA is to promote, develop and represent the European listed real estate sector.

EVENTS AFTER THE DATE OF THE BALANCE SHEET

APPOINTMENT OF NEW DIRECTORS AND CHANGE OF SHAREHOLDERS’ MEETING DATE

On 4 April 2017, the extraordinary shareholders’ meeting of Retail Estates nv approved the

appointment of Mr. Vic Ragoen and Ms. Ann Gaeremynck until the 2021 annual shareholders’ meeting. On 22 May 2017, the extraordinary shareholders’ meeting approved moving the shareholders’ meeting to the penultimate Monday of July, and the extraordinary shareholders’ meeting decided to increase the number of colleagues that may represent a director at the meeting

of the board of directors from two to three, and consequently to replace the sixth paragraph of Article 12 of the articles of association with the following text:

“Each director may authorise another member of the board by letter, by fax, by electronic mail or in another written manner to represent him at a specific meeting. A director may represent a maximum of three colleagues.”

INCREASE OF THE CAPITAL AND ISSUE OF NEW SHARES

On 5 April 2017, 174,404 new shares were issued by contribution of the remaining debt claim relating to the purchase of the shares of the real estate company Hainaut Retail Invest, which has 25 retail properties spread throughout the Province of Hainaut. Following this issue, the registered capital of Retail Estates was increased to EUR 206,612,347.44, represented by 9,182,612 shares. The new shares will share in the company’s

profit from 1 April 2017.

04

COMMENTS ON THE CONSOLIDATED ACCOUNTS FOR FINANCIAL YEAR 2016-2017

BALANCE SHEET

Investment properties (including project developments) increased from EUR 1,000.80 million to EUR 1,071.36 million. This is mainly due to expansion of the portfolio by EUR 62.86 million and the sale of investment properties amounting to EUR 5.37 million. The non-current assets held for sale decreased from EUR 8.22 million to EUR 5.69 million. The assets held for sale are booked at the end of each quarter for which the sales agreement was signed but for which the deed of sale has not yet been executed. EUR 1.26 million in assets was added to the assets held for sale in financial year 2016-2017, and EUR 3.81 million in assets were sold.

Current assets amount to EUR 11.95 million and consist of EUR 5.69 million from assets held for sale, EUR 0.94 million from trade receivables, EUR 3.16 million from tax assets and other current assets, EUR 0.98 million from cash and cash equivalents, and EUR 1.18 million from accrued charges and deferred income.

The shareholder's equity of the public BE-REIT amounts to EUR 514.97 million. On 31 March 2017, registered capital amounted to EUR 202.69 million, an increase of EUR 3.19 million compared to last year due to the capital increases mentioned above. After deduction of capital increase costs, the capital on the balance sheet amounts to EUR 197.60 million. 141,888 new shares were created during financial year 2016-2017. Issue premiums also increased from EUR 151.50 million to EUR 157.53 million for the same reason. Reserves amount to EUR 107.71 million and consist of the reserve





for the balance of the changes in fair value of authorised hedging instruments not qualifying for hedge accounting (EUR 101.29 million), profit from previous financial years carried forward (EUR 37.86 million), available reserves (EUR 13.41 million), legal reserves (EUR 0.13 million), less the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (EUR -26.70 million) and less the variations in the fair value of financial assets and liabilities (EUR -18.29 million). The Group uses financially derived products (interest rate swaps) to cover interest rate risks arising from a number of operational, financial and investment activities. Financial derivatives are initially booked at cost and revalued to fair value on the subsequent reporting date. The derivatives currently used by Retail Estates nv qualify as accounting cash flow hedges only to a limited degree. Changes in the fair value

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

The net result of the financial year amounted to EUR 52.14 million and consists of EUR 39.12 million from EPRA earnings, EUR 13.89 million in result on portfolio, and EUR -0.87 million in variations in the fair value of financial assets and liabilities.

Non-current liabilities amount to EUR 511.23 million and consist of EUR 485.33 million of non-current financial debts with an average maturity of 5.08 years. The remaining non-current liabilities

relate to authorised cash flow hedges (interest rate swaps) and the debt with respect to the minority shareholders of Heerzele nv and Blovan nv.

Current liabilities amount to EUR 61.14 million and consist of EUR 11.98 million from trade debts and other current debts. These include in particular trade debts amounting to EUR 0.36 million, estimated tax liabilities for EUR 0.75 million, invoices to be received for EUR 6.21 million, and exit taxes amounting to EUR 4.33 million. Current financial debts amount to EUR 30.91 million.

Other current liabilities decreased from EUR 15.63 million to EUR 11.50 million and mainly consisted of the remaining debt for the acquisition of Hainaut Retail Invest nv shares. This debt was brought into the capital of Retail Estates nv on 5 April 2017.

As of 31 March 2017, the weighted average interest rate is 3.42%.

PROFIT AND LOSS ACCOUNT

The net rental income increased by EUR 4.34 million, mainly due to the acquisition of additional properties and the completion of projects in the 2016-2017 financial year (EUR 1.08 million), and acquisition of the properties and completion of the projects in the previous financial year, which yielded a full year's rent for the first time (EUR 4.00 million). The sale of properties resulted in a decrease in net rental income of EUR 0.05 million. The sale of the properties during the previous financial year resulted in a decrease in net rental income in this financial year of EUR 0.54 million. The impact of contract renewals is EUR 0.11 million. Furthermore, there is the impact of discounts (EUR -0.05 million), vacancy (EUR -0.96 million) and indexation (EUR 1.01 million).

Property costs amounted to EUR 4.94 million and increased by EUR 0.44 million, mainly due to the increase in technical costs and

commercial costs due to expansion of the portfolio and the increase in personnel expenses due to the expansion of staff. Operating corporate costs amount to EUR 2.94 million, a slight increase of EUR 0.10 million over last year, mainly due to higher taxes and legal costs.

The result on the sale of investment properties is EUR 0.28 million. This profit is the result of the sale of EUR 9.44 million in properties (investment value). We refer to the "Disposals" section in this chapter for more details.

The positive change in the fair value of investment properties amounts to EUR 13.75 million and is mainly explained by indexations, increases in yield at top locations, and the impact of rental renewals at retail parks. The other result on portfolio amounts to EUR -0.14 million.

The financial result (excluding variations in the fair value of

financial assets and liabilities) amounts to EUR 18.20 million compared to EUR 16.78 million last year. The fall in the weighted average interest rate from 3.64% to 3.42% slightly offsets the increase in the interest charges due to taking additional loans to finance further expansion of the portfolio. The financial result amounts to EUR 19.06 million, compared to EUR 21.77 million last year. The decrease in total charges is the result of the change in the fair values of the swaps that are not defined as cash flow (variations in the fair value of financial assets and liabilities). However, this result is an unrealised and non-cash item.

EPRA earnings (this is the net result without the result on portfolio) amounts to EUR 39.12 million, compared to EUR 36.47 million last year.

PROSPECTS FOR FINANCIAL YEAR 2017-2018

For financial year 2017-2018, on the basis of the planned composition of the real estate portfolio and barring unforeseen events, the company expects the net rental result to amount to EUR 68.40 million. This figure only takes into account purchases and sales for which a sales contract was signed and investments that were granted and tendered.

As in previous years, Retail Estates nv expects that the dividend for the 2017-2018 financial year will grow in line with previous years so that it at least keeps up with inflation. Retail Estates nv is aiming at a dividend of EUR 3.40 gross (EUR 2.38 net) for financial year 2017-2018. This would represent an increase of 3.03% compared with the dividend for financial year 2016-2017 (EUR 3.30 gross).

ALLOCATION OF RESULTS

The board of directors proposes to

allocate the profit of the financial year, as shown in the statutory annual accounts, as follows:

	EUR
Result of the year	44,096
Reserve for the positive/negative balance of changes in the fair value of real estate properties	-7,494
Changes in fair value of financial assets and liabilities	869
Profit to be appropriated for the financial year	37,471
Profit carried forward from the previous financial year (IFRS)	30,147
Increase in profit carried forward due to merger and other	12,437
Other	
Payment of dividend 31 March 2017	-29,727
Result to be carried forward	50,328

The board of directors of Retail Estates nv will propose to the shareholders' meeting, to be held on 24 July 2017, a gross dividend for the financial year 2016-2017 (which began on 1 April 2016 to end on 31 March 2017) in the amount of EUR 3.30 (or EUR 2.31 net, i.e., the net dividend per share after the deduction of 30% in withholding tax) per share, which participates in the result of the financial year 2016-2017.

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.

Corporate Governance

05

CORPORATE GOVERNANCE STATEMENT

This declaration adheres to the provisions of the Belgian Corporate Governance Code 2009 and the Belgian Act 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.retailstates.com.

REMUNERATION REPORT

INTRODUCTION AND CONTEXT

Retail Estates nv has prepared a report on the remuneration policy for its directors. The board of directors has 10 non-executive and 2 executive directors, i.e. the executive chief financial officer (Ms. Kara De Smet) and the managing director (Mr. Jan De Nys) who together assume the effective management of Retail Estates nv and its subsidiaries.

The report was prepared by the remuneration committee in accordance with Article 96 §3 of the Belgian Companies Code and was approved by the board of directors’ meeting of 19 May 2017.

It will be submitted to the annual shareholders’ meeting of 24 July 2017 which is to approve or disapprove the report by a separate vote.



REMUNERATION POLICY

Principle

The remuneration policy of Retail Estates nv has been prepared in such a way that it takes into account market-compliant remuneration, which enables the company to attract and retain talented directors, while also considering the size of the company and its financial prospects. Moreover, this remuneration must also be proportionate to the responsibilities associated with the position 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 2016-2017

The remuneration committee met twice during 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.

REMUNERATION OF THE DIRECTORS

1. In the course of the financial year 2016-2017, the following remuneration (in EUR) was awarded to Mr. Jan De Nys – managing director:

Jan De Nys - managing director	2016-2017
Fixed remuneration	280,000
Premiums group insurance	39,000
Variable remuneration	72,600
TOTAL	391,600

The remuneration for 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 establishing and developing the company. It further takes into account 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 out-of-town retail properties and the daily management of a listed

company. He carries out his mandate personally as an independent manager.

The fixed remuneration is indexed annually on 1 April. The variable remuneration of the managing director is determined annually by the board of directors, based on a proposal 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, which for financial year 2016-2017

concerned the following:

> Financial criteria (weighting 25%):

Net current profits per share excluding all changes in fair value of the assets and interest rate hedging instruments and the results achieved on the realisation of assets;

> Portfolio management (weighting 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 of 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 Civil Law governing undue payments apply fully.

The agreement with the managing director provides for a notice period of eighteen months in the event of termination by Retail Estates nv. Any termination compensation which is paid if the public BE-REIT 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.

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

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

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

Mr. Paul Borghgraef is a non-executive director and has been chairman of the board of directors since 12 January 2016. He does not

receive a separate remuneration for the exercise of his director's mandate.

Non-executive directors

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

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

Based on the above, the following fees were paid to the non-executive directors in 2016-2017, pursuant to the meetings that took place at the registered office of the company:

	Annual fixed remuneration (EUR)	Performance-related (EUR)	TOTAL (EUR)
	Board of directors / committee		
René Annaert	6,000	10,500	16,500
Jean-Louis Appelmans	6,000	9,000	15,000
Christophe Demain	6,000	4,500	10,500
Hubert De Peuter	6,000	1,500	7,500
Rudy De Smedt	6,000	6,000	12,000
Vic Ragoen ¹	6,000	9,000	15,000
Jean Sterbelle	6,000	3,000	9,000
Marc Tinant	6,000	3,000	9,000
Leen Van den Neste	6,000	9,000	15,000
Herlinda Wouters	6,000	6,000	12,000
TOTAL non-executive directors	60,000	61,500	121,500

1. Vic Ragoen was director until 1 July 2016, since then he attended the board of directors as consultant. He was reappointed as director as of 4 April 2017.

Indemnification and insurance of directors

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

Future developments

The board of directors, at 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 to financial years 2016-2017 and 2017-2018.

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. According to the Code's "comply or explain" principle, it is permissible to take into account the relatively small size and unique characteristics of the company.

DEVIATIONS FROM PRINCIPLE 2:

Item 2.9. The board of directors has not yet appointed a company secretary.

DEVIATIONS FROM PRINCIPLE 3:

Item 3.5. In view of the company's activities, and particularly considering the fact that negotiating and concluding specific contracts is part of the day-to-day management and falls within the CEO's powers (without the intervention of the board of directors being required in principle), rental agreements – with

retail companies with which a non-executive director is associated – between the company and one of its non-executive directors could possibly fall under the conflict of interests regulation ('significant commercial relationships').

DEVIATIONS FROM PRINCIPLE 4:

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.

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 31.03.2017 ²
Stichting Administratiekantoor 'Het Torentje' group and Leasinvest, acting in mutual consultation	10.03%	10.21%
FPIM nv (Belfius Insurance)	9.76%	9.34%
KBC Group nv	7.59%	7.44%
AXA nv	7.01%	7.07%
Federale Verzekering/Fédérale Assurance	7.99%	5.17%
General public	57.62%	60.77%

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 31.03.2017 (9,008,208 shares), this table shows, for information only, the (supposed) shareholding structure. It should be noted that this does not necessarily correspond with reality (not for all shareholders in any case), since the company is not necessarily aware of share transactions that did not result in the triggering of a notification threshold, and thus did not result in a transparency notification.

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

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



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

In accordance with the Corporate Governance rules and the relevant legislation, Retail Estates nv has developed an internal control and risk management system, taking into account the nature, size and complexity of the company's activities and its environment.

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

- effectiveness and 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 and audit committee;
- the existence of a code of conduct (trading regulations), 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 prevent the risks from taking place and/or, as the case may be, to limit the impact of these risks.

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

Internal control and risk management systems relating to financial reporting

Control environment

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

- the accounting team is responsible for preparing and reporting financial information.
 - the controller is responsible for reviewing the financial information and preparing the consolidated figures (in consultation with the CFO), 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 BE-REIT), Retail Estates nv

“ In particular, the company has developed internal control and risk management systems for the most important processes in the company. ”

falls under the supervision of the Financial Services and Markets Authority (FSMA), which also conducts a specific review of the financial information. All published financial information is controlled (in advance or post facto) by the FSMA.

- the real estate expert also plays an important role: the entire real estate portfolio (which constitutes 98.50% of the balance sheet total) is valued by two internationally recognised independent real estate experts (Cushman & Wakefield and

CBRE), each evaluating one part of the real estate portfolio. A limited part of the portfolio is valued by Stadim.

Risk analysis

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

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

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

objectives and 'risk appetite' of the company applied by the board of directors.

Control activities

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

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

Information and communication

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, which is also available on the company's website.

The limited size of the Retail Estates' team contributes significantly to the smooth flow of information. The considerable involvement of the board of directors and its chairman promotes open communication and ensures that the management body is 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, management provides the board of directors with a comprehensive report on the financial statements, with a comparison of annual figures, budget and explanations for any deviations.

The statutory 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.

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 applicable laws and regulations (in particular Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation), the Belgian Act of 2 August 2002 on oversight of the financial sector and financial services and the Corporate Governance Code 2009). 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 includes 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 64 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 pursuing 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 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 2021 annual shareholders' meeting).

Independent internal audit function

The person in charge of the internal audit is responsible for the independent and ongoing assessment of the activities of

the company, and analyses the quality and efficiency of existing procedures and methods of internal control.

The internal statutory 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 finance and reporting analyst 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 Belgian real estate investment trust).

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.

06

MANAGEMENT OF THE COMPANY

COMPOSITION

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

Of the 12 directors, 3 directors (Mr. Annaert, Ms. Van den Neste and Ms. Gaeremynck) qualify as independent pursuant to Article 526ter of the Belgian Companies Code. These directors also meet the criteria of independence set out in annex A to the Code. The independent directors strictly comply with the following criteria of independence:

- not a salaried employee, manager, management committee member, managing director, executive director or member

of the executive personnel of Retail Estates nv, or an affiliated company, and not having occupied a similar position during the five years preceding their appointment;

- not receiving, 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 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 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 have had during the preceding year, or 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 statutory auditor of Retail Estates nv or 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 at Retail Estates nv, with an overall limit of 12 years;
- not to be a close relative of a managerial employee, a member of the management committee, or a person 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 a BE-REIT 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, the intent is to limit the number of board members to 12.

5 out of 12 directors represent a reference shareholder: Ms. Wouters (on behalf of the KBC Group), Mr. Appelmans (on behalf of Het Torentje (Leasinvest)), Mr. Sterbelle (on behalf of AXA), Mr. Demain (on behalf of the Belfius-group) and Mr. De Smedt (on behalf of Federale Verzekering).

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

FUNCTIONING OF THE BOARD OF DIRECTORS

The board of directors of Retail Estates nv determines the

company's strategy, investments, budgets, disposals and acquisitions and funding.

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

“ In order to continually improve the effectiveness of the board of directors, the board of directors shall systematically and regularly (at least every three years) evaluate its size. ”

During the 2016-2017 financial year the board of directors met six times. A number of meetings were held by conference call or in the office of notary public Tim Carnewal. The remuneration committee and the audit 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.

A clear distinction is made between the responsibilities of the managing director and those of the chairman of the board of directors. The chairman leads the board of directors and ensures that the agenda for the meetings of the

board of directors is prepared, and that the directors promptly receive the relevant information.

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

REPORT ON THE ACTIVITIES

Regarding the board of directors' activity report, see section 3 of this chapter.

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

This assessment focuses on:

- the functioning of the board of directors and its committees;
- the effective contribution of each director through their attendance 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, the board of directors of Retail Estates nv has set up two committees, a remuneration and nomination committee and an audit committee. In a decision of the board of directors of 17 February 2017, a management committee ("directiecomité") was also established, taking effect on 1 April 2017.

REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee is made up of the

following members:

- René Annaert – Chair of the committee, independent director
- Leen Van den Neste – independent director
- Ann Gaeremynck – independent director (since 4 April 2017)
- Vic Ragoen

The committee convened twice in 2016-2017 in the context of drawing up the 2017-2018 budget in which employee remuneration policy was discussed and an inventory was made of the recurrent fees paid to external service providers.

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

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

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

AUDIT COMMITTEE

The audit committee consists of the following members:

- Leen Van den Neste – Chair of the committee, independent director
- René Annaert – independent director
- Ann Gaeremynck – independent director (since 4 April 2017, before this, Vic Ragoen)
- Jean-Louis Appelmans – non-executive director

The committee met twice in 2016-2017.

The tasks of this audit committee concern mainly the monitoring of the financial reporting process, the effectiveness of internal control and risk management systems, internal audit monitoring and statutory audit of individual

and consolidated accounts, and assessing and monitoring the independence of the statutory auditor.

MANAGEMENT COMMITTEE

(SINCE 1 APRIL 2017)

The management committee consists of the following members:

- Jan De Nys – Chair of the committee, CEO, Executive Officer
- Kara De Smet – CFO, Executive Officer
- Koenraad Van Nieuwenburg – CIO

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





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 committees on one hand;
- monitor the composition of the board of directors on the other hand.

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

The evaluation itself takes the form of a written 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 one of the executive directors/effective manager, Mr. De Nys or Ms. De Smet.

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 of directors, may not attend the deliberations of the board of directors.

Articles 36 through 38 of the Belgian BE-REIT Act is also referred to, when one of the persons mentioned in this Article (director, manager or promoter of the BE-REIT,...) acts as counterparty in an operation

undertaken with the public BE-REIT or a company under its control.

During the past financial year, no conflict of interest within the meaning of these Articles occurred.

DAY-TO-DAY MANAGEMENT

The company is managed by a staff of 20, under the leadership of the managing director (CEO), Mr. Jan De Nys.



Executive directors:

Jan De Nys (1959): Chief Executive Officer (CEO – managing director)



Office address: Retail Estates nv - Industrielaan 6 - 1740 Ternat

End of mandate: 2021

Most important other positions:

director at Alides REM nv (Maes/ Alides Construction and Property Group), director at First Retail International I and II nv, chairman of Private Privak BEM II (set up under the aegis of the Flemish Building Federation), managing director of the management companies Infradis Real Estate Management nv and Snowdonia nv.

Committees: -

Attendance at board of directors' meetings in 2016-2017¹: 6

Attendance at remuneration and

¹ Total board of directors' meetings in financial year 2016-2017: 6

nomination committee meetings in 2016-2017²: -

Attendance at audit committee meetings in 2016-2017³: -

Kara De Smet (1976): Chief Financial Officer (CFO) – executive director from 12 January 2016



Office address: Retail Estates nv - Industrielaan 6 - 1740 Ternat

End of mandate: 2021

Committees: -

Attendance at board of directors' meetings in 2016-2017: 6

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

² Total remuneration and nomination committee meetings in financial year 2016-2017: 2

³ Total audit committee meetings in financial year 2016-2017: 2

Non-executive directors

Chair:

Paul Borghgraef (1954): chairman of the board of directors



Office address: Van De Wervelaan 49/2 – 2970 Schilde

End of mandate: 2021

Most important other positions:

director at Pertinea Property Partners nv, director at PG58 nv and director at Immpact nv

Committees: -

Attendance at board of directors' meetings in 2016-2017: 5

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

Jean-Louis Appelmans (1953): director



Office address: Leasinvest Real Estate Comm.V.A. – Schermersstraat 42 – 2000 Antwerp

End of mandate: 2021

Most important other positions:

managing director of Leasinvest Real Estate Management nv (statutory manager of GVV Leasinvest Real Estate Comm.V.A.), Leasinvest Immo Lux sa, Leasinvest Services nv,...

Committees: member of the audit committee

Attendance at board of directors' meetings in 2016-2017: 6

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: 2

Victor Ragoen (1955): independent director



Office address: New Vanden Borre nv – Slesbroekstraat 101 – 1600 Sint-Pieters-Leeuw

End of mandate: 2021

Most important other positions: Advisor

Most important finished positions: managing director at New Vanden Borre nv

Committees: -

Attendance at board of directors' meetings in 2016-2017: 2

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: 1

Jean Sterbelle (1962): director



Office address: AXA Belgium nv – Vorstlaan 25 – 1170 Brussels

End of mandate: 2021

Most important other positions: Head of Transactions Belux – AXA Real Estate Investment Managers Belgium nv, director at Blauwe Toren nv, director at Brustar One nv, director at Cabesa nv,...

Committees: -

Attendance at board of directors' meetings in 2016-2017: 4

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

Christophe Demain (1966): director



Office address: Belfius Insurance nv – Galiléelaan 5 – 1210 Brussels

End of mandate: 2021

Most important other positions: Chief Investment Officer at Belfius Insurance nv, director of the BE-REIT Cofinimmo nv, director at First Retail International nv, chairman of the board of directors of LFB nv, Coquelets nv,...

Committees: -

Attendance at board of directors' meetings in 2016-2017: 3

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

Rudy De Smedt (1962): director from 7 July 2015



Office address: Federale Verzekering - Stoofstraat 12 - 1000 Brussels

End of mandate: 2021

Most important other positions: Deputy Director at Federale Verzekering

Committees: -

Attendance at board of directors' meetings in 2016-2017: 6

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

René Annaert (1952): independent director from 7 July 2015



Office address: Ultimium bvba – G. Mercatorlaan 4 – 1780 Wemmel

End of mandate: 2021

Most important other positions: advisor

Most important finished positions: CEO Wereldhave Belgium, Devimo Consult, Brussels International Trade Mart

Committees: member of the audit committee, member of the remuneration and nomination committee

Attendance at board of directors' meetings in 2016-2017: 6

Attendance at remuneration and nomination committee meetings in 2016-2017: 2

Attendance at audit committee meetings in 2016-2017: 2

Leen Van den Neste (1966): independent director from 12 January 2016



Office address: VDK Spaarbank – Sint-Michielsplein 16 – 9000 Ghent

End of mandate: 2021

Most important other positions: CEO VDK Spaarbank, chairman of the board of directors of Xior student housing nv, member of the board of directors of Centrale voor huisvesting cvba, Familiehulp vzw and Arteveldehogeschool vzw

Committees: member of the audit committee, member of the remuneration and nomination committee

Attendance at board of directors' meetings in 2016-2017: 5

Attendance at remuneration and nomination committee meetings in 2016-2017: 2

Attendance at audit committee meetings in 2016-2017: 2

Herlinda Wouters (1958): director from 12 January 2016



Office address: KBC Bank Nederland – Watermanweg 92 – 3067 GG Rotterdam – the Netherlands

End of mandate: 2021

Most important other positions: General Manager of KBC Bank the Netherlands

Committees: -

Attendance at board of directors' meetings in 2016-2017: 4

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -

Ann Gaeremynck (1966): director from 4 April 2017



Office address: Faculty of Economics and Business Administration - Department of Accounting, Finance and Insurance - Naamsestraat 69 - 3000 Leuven

End of mandate: 2021

Most important other positions: Full professor at KU Leuven, Faculty of Economics and Business Administration, member of the board of directors and audit committee VIVES University College, and external member of AZ Delta audit committee.

Committees: member of the audit committee

Attendance at board of directors' meetings in 2016-2017: -

Attendance at remuneration and nomination committee meetings in 2016-2017: -

Attendance at audit committee meetings in 2016-2017: -



f.l.t.r.: Jean Sterbelle, Jean-Louis Appelmans, Leen Van den Neste, Ann Gaeremynck, Rudy De Smedt, Victor Ragoen, Kara De Smet, Jan De Nys, Paul Borghgraef, Koenraad Van Nieuwenburg (CIO, member of the management committee), René Annaert, Christophe Demain



07

OTHER PARTIES INVOLVED

CERTIFICATION OF THE ACCOUNTS

A statutory 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, a public BE-REIT, is a listed company.

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

was appointed for a 3-year term.

The statutory 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 PwC Bedrijfsrevisoren for the tasks assigned to the statutory auditor by law (e.g. reports when mergers occur), amounts to EUR 0.02 million (excluding VAT). The fees relating to studies and assistance and more in particular on taxation matters and due diligence assignments amount to EUR 0.004 million excluding VAT.

REAL ESTATE EXPERT

In accordance with the BE-REIT legislation, Retail Estates nv calls upon experts for the regular valuations of its assets each time 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 56, box 7 at 1000 Brussels), represented by Mr. Ardalan Azari and to CBRE nv (Avenue Lloyd George 7 at 1000 Brussels), represented by Mr. Pieter Paepen, and to Stadim cvba (Uitbreidingsstraat 10-16, 2600 Antwerp), represented by Mrs. Natalie Van Overbeke and Mr. Philippe Janssens.

During the past financial year, a fee of EUR 0.31 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 0.34 million (including VAT), were paid to CBRE for the regular valuation of the remainder of the real estate portfolio and initial valuations of real estate

purchases. The compensation payable to Stadim in respect of the performance of the periodic estimate of part of the properties in the real estate portfolio and the initial estimate in the case of the purchase of real estate is EUR 0.01 million incl. VAT on an annual basis.

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.

08

ACQUISITION AND SALE OF RETAIL ESTATES NV SHARES – INSIDER TRADING

In accordance with the principles and values of the company, Retail Estates nv has included in its Dealing Code a number of rules 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 at Retail Estates nv, the rules of the Dealing Code have been reviewed in order to bring them in line with the Belgian Royal Decree of 5 March 2006 on insider trading, the fair presentation of investment recommendations, and the indication of conflicts of interest.

09

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 A REGULATED MARKET

CAPITAL STRUCTURE (ON 31 MARCH 2017)

The registered capital amounts to EUR 202,688,189.49 and is divided into 9,008,208 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 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 BE-REIT 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 institutions have provided Retail Estates nv with financing require retention of the public Belgian real estate investment trust status. The general terms and conditions under which this financing was granted give banks the option to demand early repayment in the event of change of control. In addition, a covenant has been written into the credit agreements with a number of financial institutions, whereby Retail Estates nv commits itself to maintain a maximum debt

level of 60% (lower than the legal threshold of 65%).

ARTICLES OF ASSOCIATION OF RETAIL ESTATES NV

The articles of association of Retail Estates nv can be found on page 189 of the annual report. Their last revision dates from the extraordinary shareholders' meeting of 22 May 2017.

Data in accordance with the EPRA reference system

EPRA KEY PERFORMANCE INDICATORS

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

	Definitions	EUR/1000	EUR per share
EPRA earnings	Current result from adjusted core operational activities.	39,115	4.34
EPRA NAV	Net Asset Value (NAV) adjusted to take the fair value of the property investments into account and excluding certain elements not expected to crystallise in a long-term investment property business model.	534,123	59.29
EPRA NNNAV	EPRA NAV adjusted to take the fair value of (i) the financial instruments, (ii) the debts and (iii) the deferred taxes into account.	514,970	57.17
	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.		6.52%
EPRA topped-up Net Initial Yield (topped-up NIY)	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of the rent-free periods or other unexpired lease incentives as step up rents.		6.52%
EPRA Vacancy	Estimated market Rental Value (ERV) of vacant surfaces divided by the ERV of the portfolio as a whole.		1.24%
EPRA Cost Ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income less ground rent costs		12.32%
EPRA Cost Ratio (excl. vacancy costs)	EPRA Costs (excluding vacancy costs) divided by the gross rental income less ground rent costs		12.01%

EPRA earnings	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	52,136
Adjustments to calculate EPRA earnings	
Excluding:	
Variations in the fair value of investment properties (IAS 40)	13,610
Result on disposal of investment properties	279
Changes in the fair value of financial assets and liabilities	-869
Adaptations to minority interests	
EPRA earnings (attributable to the shareholders of the parent company)	39,115
EPRA earnings (EUR/share) (attributable to the shareholders of the parent company)	4.34

EPRA Net Asset Value (NAV)	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts	514,970
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	57.17
Effect of exercise of options, convertibles and other equity interests	
Diluted net asset value after effect of exercise of options, convertibles and other equity interests	514,970
Excluding:	
Fair value of the financial instruments	-19,153
EPRA NAV (attributable to the shareholders of the parent company)	534,123
EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)	59.29

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)	534,123
Including:	
Fair value of the financial instruments	-19,153
EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	514,970
EPRA NNNNAV (EUR/share) (attributable to the shareholders of the parent company)	57.17

EPRA Net Initial Yield		EUR/1000
Investment properties (excluding assets held for sale) fair value		1,071,361
Transfer taxes		26,556
Investment value		1,097,917
Project developments		18,825
Investment value of the properties, available for rent	B	1,079,092
Annualised gross rental income		71,407
Property costs		-1,039
Annualised net rental income	A	70,368
Notional rent expiration of rent free period or other lease incentives		
Topped-up net annualised rent	C	70,368
EPRA Net Initial Yield (NIY)	A/B	6.52%
EPRA topped-up Net Initial Yield (topped-up NIY)	C/B	6.52%

EPRA Vacancy Rate	EUR/1000
Estimated rental value of vacant surfaces	884
Estimated rental value of total portfolio	71,407
EPRA Vacancy Rate	1.24%

EPRA Cost Ratio	EUR/1000
Operating corporate costs	2,941
Impairments on trade receivables	288
Ground rent costs	249
Property costs	4,940
Less:	
Ground rent costs	-249
EPRA costs (incl. vacancy costs)	8,169
Vacancy costs	-204
EPRA costs (excl. vacancy costs)	7,965
Rental income less ground rent costs	66,312

	%
EPRA Cost Ratio (incl. vacancy costs)	12.32%
EPRA Cost Ratio (excl. vacancy costs)	12.01%



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RETAIL ESTATES ON THE STOCK EXCHANGE

04

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“ The Retail Estates share increased by 143.89% over this period compared with an increase of 28.22% for the BEL 20.”

	01.04.2016 31.03.2017	01.04.2015 31.03.2016	01.04.2014 31.03.2015
Highest share price	81.89	80.71	76.99
Opening price at 1 April	77.99	74.04	57.62
Closing price at 31 March	76.90	78.00	76.64
Average share price	77.54	73.53	64.91
Net asset value (NAV) (IFRS)	57.17	53.48	50.43
Premiums NAV relative to closing price	34.51%	45.85%	51.97%
Gross dividend	3.30	3.20	3.10
Net dividend	2.310	2.336	2.325
Dividend yield	4.48%	4.28%	4.22%
Return net result on shareholders' equity	10.12%	8.86%	9.24%
Pay-out ratio (consolidated)	75.49%	77.11%	81.15%
Number of shares	9,008,208	8,866,320	7,559,473
Market capitalisation (EUR million)	692.73	691.57	579.36
Free float percentage	100%	100%	100%
Average daily volume	7,207	4,664	2,939
Annual volume	1,873,888	1,189,395	749,458

01

PERFORMANCE

MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market.

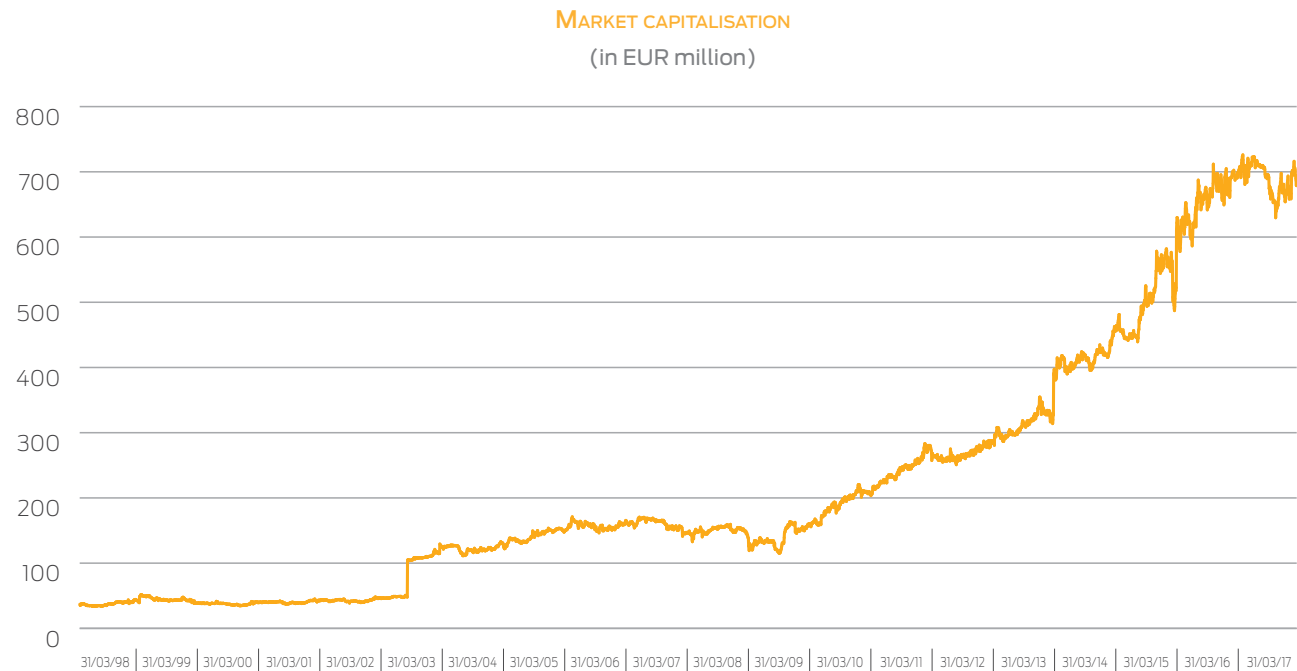
In the context of Euronext's plans to reform and harmonise its list of quotations and promote the visibility and liquidity of small and medium-sized enterprises, relevant benchmarks for the mid-caps and small-caps were launched on 1 March 2005.

Retail Estates nv is part of the BelMid index consisting of 34 companies.

The market capitalisation of Retail Estates nv amounts to EUR 692.73 million as of 31 March 2017.

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

“ The market capitalisation of Retail Estates nv amounts to EUR 692.73 million as of 31 March 2017. ”



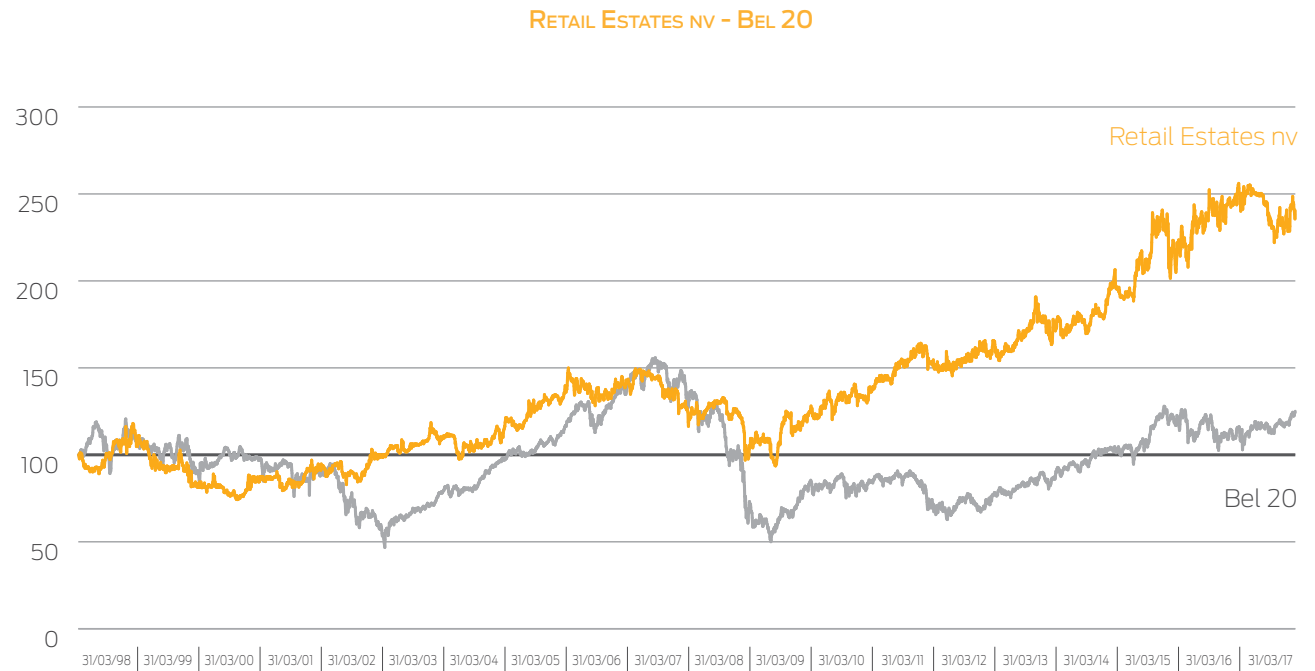
“ The share reached its highest price of the year on 6 June 2016 (EUR 81.89) and ended the financial year at EUR 76.90. ”

SHARE PRICE

The share reached its highest price of the year on 6 June 2016 (EUR 81.89) and ended the financial year at EUR 76.90.

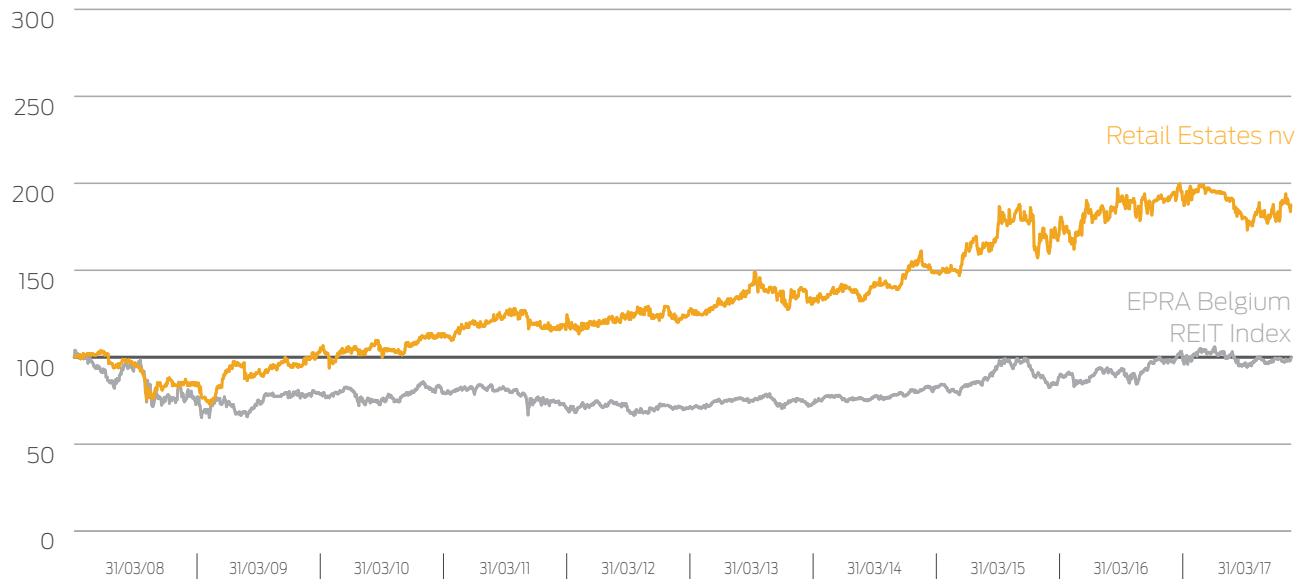
The annual average price was EUR 77.54. The above chart shows the stock market performance of the Retail Estates share relative to the BEL 20 since the share's introduction on the stock exchange. The Retail Estates share increased by 143.89% over this period compared with an increase of 28.22% for the BEL 20.

The price of the Retail Estates share decreased by 1.28% in the past financial year compared to the beginning of the financial year. The EPRA Belgian REIT index increased by 1.69%.



“ The goal of the EPRA is to promote, develop and represent the European listed real estate sector. ”

RETAIL ESTATES NV - EPRA BELGIUM REIT INDEX



INCLUSION IN EPRA INDEX

On 2 March 2017, the EPRA website announced that Retail Estates nv will be included in the “FTSE EPRA/NAREIT Developed Europe Index” from 20 March 2017, after market close. In the last quarterly review of this index, Retail Estates nv met all the criteria for inclusion set by the EPRA.

The inclusion of Retail Estates nv in the EPRA index contributes to the share’s visibility. We believe that this inclusion will promote the interests of new institutional investors and will increase the liquidity of the share.

The goal of the EPRA is to promote, develop and represent the European listed real estate sector.

PREMIUMS AND DISCOUNTS

The intrinsic value of the real estate valuation at ‘fair value’ increased during the past year from EUR 53.48 as of 31 March 2016 to EUR 57.17 EUR as of 31 March 2017 (including dividend).

The EPRA NAV is EUR 59.29 as compared to EUR 56.66 EUR the year before. This increase is explained by the positive variations in the value of the investment properties and the result of the financial year.

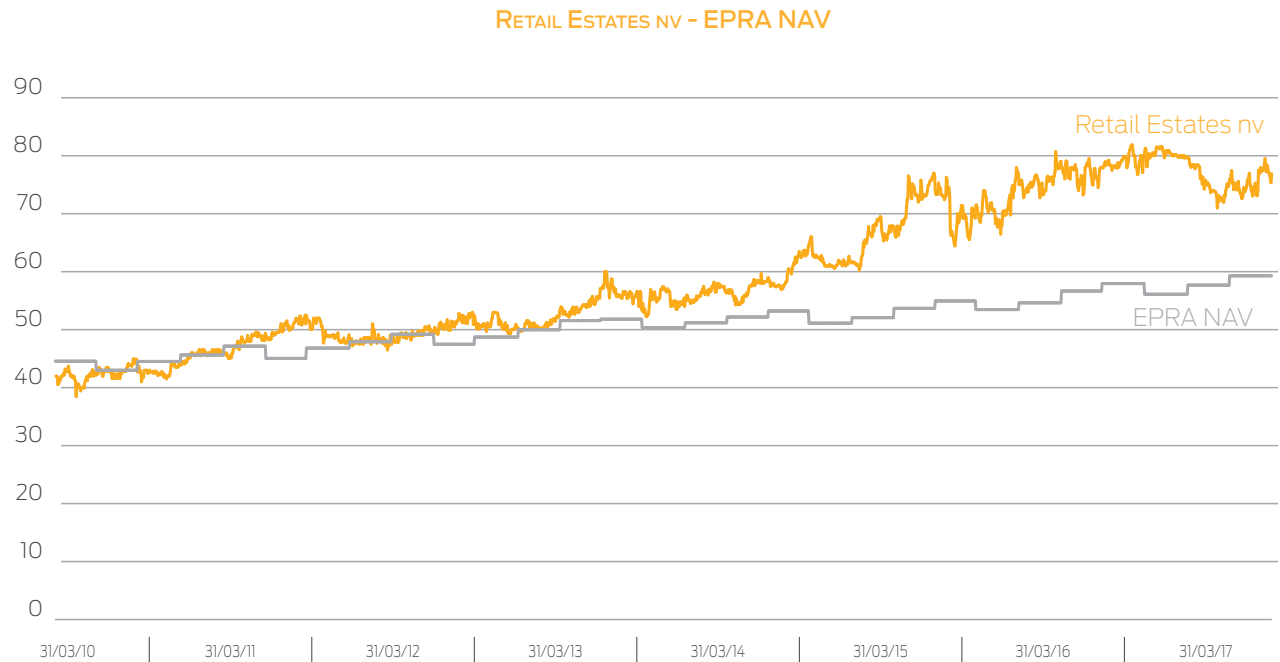
DIVIDEND

Regarding the allocation of the results for the financial year ended 31 March 2017, the board of directors proposes to the shareholders’ meeting an amount of EUR 29.73 million to be distributed as gross dividend payment (before tax withholding).

This amounts to a gross dividend of EUR 3.30 for the shares which are entitled to dividend from 1 April 2016 (9,008,208 shares).

This represents an increase of 3.12% compared to the dividend received for the financial year ended 31 March 2016.

“ The intrinsic value of the real estate valuation at ‘fair value’ increased during the past year. ”





BELGIAN REAL ESTATE INVESTMENT TRUST

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

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

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

Since its listing on the stock exchange, the performance of Retail Estates nv has always been in line with the market and in line with the expectations formulated by management at the beginning of the financial year and also with the performance of other Belgian BE-REITs with a comparable

occupancy rate and value appreciation of the underlying real estate.

BELGIAN GOVERNMENT BONDS

Real estate is seen by some investors as a bridge between an investment in shares and an investment in bonds or government bonds.

The dividend yield of Retail Estates nv (in the case of a gross dividend of EUR 3.30) in the past financial year was 4.48% compared to the closing price of the share (excluding dividend). The Belgian government linear bond (OLO) 10-year rate was 0.79% on 31 March 2017.

02

LIQUIDITY PROVIDER

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

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

03

SHAREHOLDER AGENDA

The shareholders' meeting will take place at the offices of Retail Estates nv, Industrielaan 6, Ternat on Friday 24 July 2017 at 10:00 am.

Publication Annual report 2016-2017	19 June 2017
Dividend made available for payment	1 August 2017
Announcement half-yearly results	20 November 2017
Announcement annual results of the financial year 2017-2018	18 May 2018

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



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LA CHOCOLATERIE

REAL ESTATE REPORT

05

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



01

**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 seekers' have since disappeared on account of the growing complexity of the market. The supply of new properties, especially in Flanders, has decreased markedly, but demand has remained stable. This has resulted in rising rents and falling returns. The market of out-of-town retail real estate has established its own position alongside city centre retail premises, offices and semi-industrial real estate.

For prime locations, tenants are currently paying annual rents of EUR 125 to 150/m² in major

conurbations, and EUR 100/m² in smaller ones, with returns on high-end prime market locations between 5% and 5.50%. About fifteen 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. At these locations tenants try to keep the rent payable by limiting the rented area.

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

The best barometer to measure the demand is the rate of unoccupied

“
The best barometer to measure the demand is the rate of unoccupied properties, which has now for several years been below 2% in the portfolio of Retail Estates nv.”

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 more and more integrated retail parks, comparable with those found close to every conurbation in countries like the United Kingdom and France. Retail parks in Belgium tend rather to be small (15,000 to 20,000m²), and are mostly situated in the French-speaking part of the country (Wallonia). In Flanders, new parks likely occur in small urban areas, such as retail parks T Forum and Be-MINE Boulevard respectively in Tongeren and Beringen.

An important part 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.

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

It is labour-intensive to select suitable opportunities and plan and manage these alterations. They require the necessary expertise, but are rewarded with a higher return on rents.

02

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 19 years, the company

has established a significant portfolio which, on 31 March 2017, consists of 668 retail properties, covering a total built-up retail area of 748,136m². Their fair value of the real estate portfolio totals EUR 1,071.36 million. The investment value amounts to EUR 1,097.92 million.

The value of the real estate portfolio of the public BE-REIT has increased by 7.05% compared to the value on 31 March 2016 (EUR 1,000.80 million). This is the result of acquisitions, as well as the delivery of several properties under its own development.

The occupancy rate is 98.13%.

TYPE OF BUILDING¹

Definitions

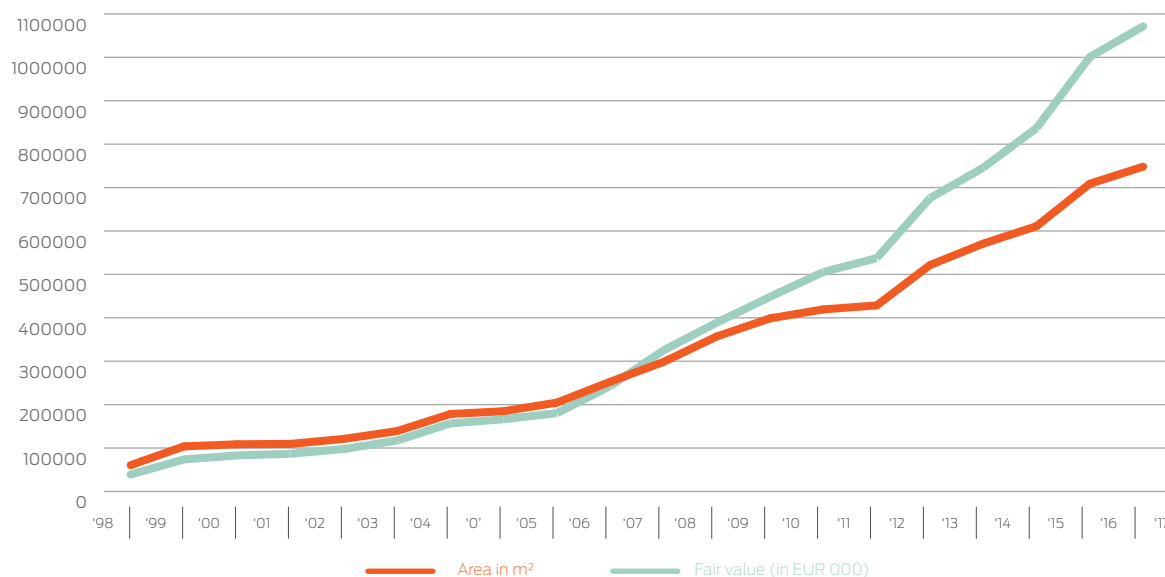
Individual out-of-town retail properties are solitary retail properties adjacent to the public highway. Every outlet has its own car park and entrance and exit roads, connecting it to the public highway, and making it easily recognisable. In the immediate vicinity, there are, in principle, no retail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

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

Retail parks 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

¹ The diagrams in this chapter show percentages based on the total surface on 31 March 2017.

GROWTH OF THE RETAIL ESTATES PORTFOLIO BETWEEN 1998 AND 2017

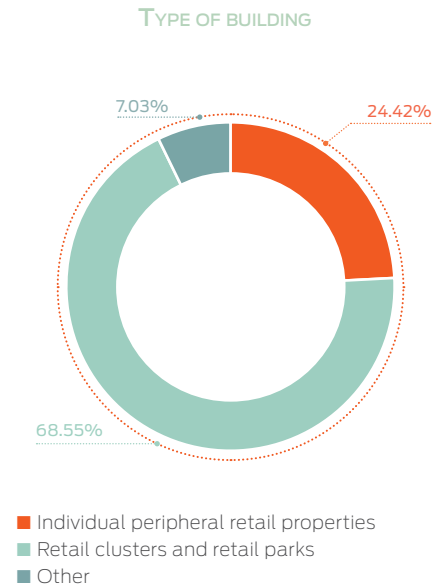


Until 31 March 2003: investment value
From 1 April 2004: fair value (valuation according to IFRS)

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. “

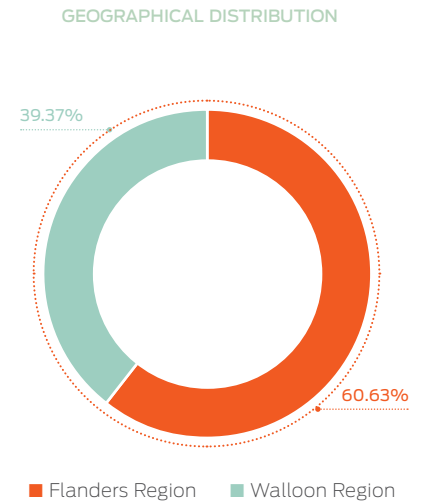


GEOGRAPHICAL SPREAD

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 60.63% of the portfolio located in the Flemish Region, compared to 39.37% in the Walloon Region. These figures are more in line with the way in which the population is distributed across the two regions.

Now, Retail Estates nv has only two retail outlets in the Brussels Region. This region hardly knows out-of-town real estate and is therefore not actively observed by Retail Estates nv.



Over a period of 19 years, the company has established a significant portfolio which, on 31 March 2017, consists of 668 retail properties, covering a total built-up retail area of 748,136m². ”

COMMERCIAL ACTIVITIES OF TENANTS

The proportion of shoe and clothing shops (26.57%), together with large-scale retail (interior/decoration and electro, together 24.73%), accounts for more than 51% of the leased surface area. Both categories provide a stable basis. Retailers selling food represent only 13.20%. Socio-economic permits for all 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.

TENANTS: CHAIN STORES VERSUS SMEs

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

For the purposes of this analysis, 'chain store' shall mean a large retail company with at least five sales outlets and central accounting. Already in 1998, the company was letting out 82% of its properties to chain stores of this kind. On 31 March 2017 the percentage chain stores and/or franchise issuers represents 88.14%.

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.

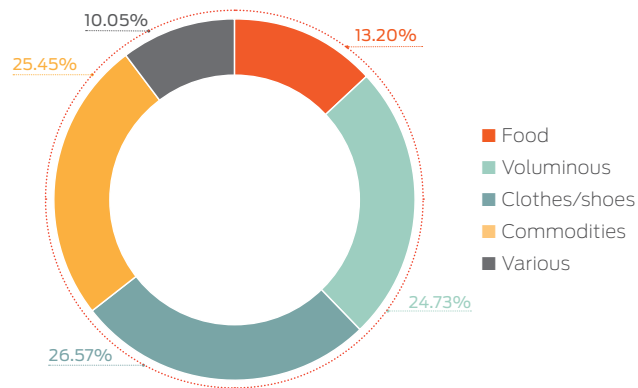
They also make significant marketing efforts which can be advantageous to the real estate location.

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.

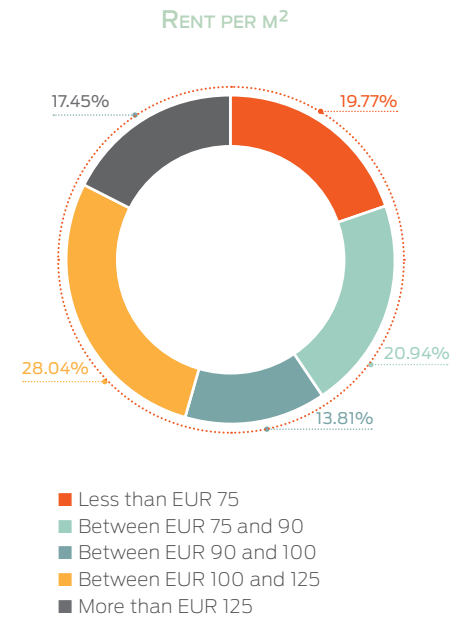
The average contractual rent per m² amounts to EUR 95.45 per year. Compared to 1998 (EUR 61.15/ m²) this represents an increase of 56.09%. This increase is partly due to inflation and rent increases and partly due to the increase in the number of recently established retail properties, which, due to the higher market prices, are typically rented out at higher prices than the

COMMERCIAL ACTIVITIES OF TENANTS





average of the existing real estate portfolio.



TENANTS AND CONTRACTS

The top twenty tenants of Retail Estates nv represent 55.67% of the gross rental income, and 52.25% of the total surface area of the properties in the real estate portfolio. They represent 294 shops.

The weighted average term of the leases is 9.76 years. This does not derogate the existing theoretical risk that all tenants use their legally granted termination option at the end of the current three-year period. In this case all shop will be empty within 3 years and 6 months.

SUMMARY OF KEY FIGURES

	RETAIL ESTATES		
	31.03.17	31.03.16	31.03.15
Estimated fair value ² (in €)	1,071,361,000	1,000,799,000	837,121,000
Yield (investment value)	6.60%	6.64%	6.80%
Contractual rents (in €)	70,522,410	66,600,791	55,880,428
Contractual rents incl. rental value of vacant buildings (in €)	71,406,658	67,956,128	56,511,608
Total m ² in portfolio	748,136	708,879	611,076
Number of properties	668	634	554
Occupancy rate	98.13%	98.22%	98.78%
Total m ² under development	9,742	6,552	32,496

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 2017 (see further in this chapter).

IMPORTANT NOTE

On 31 March 2017, the real estate portfolio of Retail Estates nv consists of real estate properties owned by Retail Estates nv and its subsidiaries.

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.

REAL ESTATE PORTFOLIO OF IMMOBILIÈRE
DISTRILAND NV

On 31 March 2017, the real estate portfolio of Immobilière Distri-Land nv consists of 10 retail properties that have been rented out completely.

“ An important part 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. ”

OVERVIEW REAL ESTATE PORTFOLIO

Below is an overview of the real estate portfolio of Retail Estates nv and its subsidiaries on 31 March 2017.

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
Antwerp	Cluster Antwerp-North	Bredabaan, 2170 Merksem	32.202	L&L RETAIL BELGIUM SA	4.549.479,34	4.549.244,46	69.681.508,23
		Bredabaan, 2900 Schoten		FUN BELGIUM NV			
		LEGIO IMMO BELGIUM NV					
		ALDI RIJKEVORSEL NV					
		AVEVE NV					
		BEDDEN EN MATRASSEN BV					
		FABRIMODE NV (BEL & BO)					
		C&A BELGIE CV					
		CARPETLAND NV					
		CHAUSSEA BRT BVBA					
		MENATAM SA (EGGO)					
		EURO SHOE GROUP NV					
		MAXI ZOO BELGIUM BVBA					
		NEW VANDEN BORRE NV					
		PEETERS KIP AAN 'T SPIT BVBA					
		PRO-DUO NV					
		SCHOT'S VISHANDEL BVBA					
		ZEEMAN TEXTIELSUPERS NV					
		KREFEL NV					
		LEEN BAKKER BELGIE NV					
	MEDINA NV (BENT SCHOENEN)						
	L.TORFS NV						
	HET BROEKENPALEIS NV						
	JBC NV						
	ORCHESTRA - PREMAMAN NV						
			32.202		4.549.479,34	4.549.244,46	69.681.508,23

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Antwerp-South	Boomsesteenweg, 2610 Wilrijk Antwerpsesteenweg, 2630 Aartselaar Boomsesteenweg, 2630 Aartselaar Koningin Astridlaan, 2550 Kontich		DECOR HEYTENS BELGIQUE NV KREFEL NV ADEBO NV OBEY NV RESIDENTIAL CARPETLAND NV KEUKENONTWERPERS NV PRO-DUO NV SCHRAUWEN SANITAIR EN VERWARMING NV DARKOM BVBA HILTI BELGIUM NV EDENWOOD NV ODYSSEUS BOUWMARKTEN NV BEDDEN EN MATRASSEN BV KEUKENHUIS NV MAXI ZOO BELGIUM BVBA BMS NV FUN BELGIUM NV KP DECOR BVBA PIOCHEUR NV C&A BELGIE CV BASIC FIT BELGIE LIN'S ZEBULAH NV EURO SHOE GROUP NV			
			32.596		3.178.673,66	3.531.335,00	39.404.391,05
	Cluster Lier	Donk, 2500 Lier Antwerpsesteenweg, 2500 Lier		ANISERCO NV HEUREKA BVBA (FRANCHISE HEYTENS) NEW VANDEN BORRE NV MANYLION BVBA (IXINA) BRANTANO NV KREFEL NV SLAAPADVIES BVBA BELGACOM MOBILE NV FUN BELGIUM NV			
			8.293		818.986,92	897.220,00	7.590.290,42

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Mechelen-North	Oscar Van Kesbeecklaan, 2800 Mechelen Electriciteitsstraat, 2800 Mechelen Guido Gezellelaan, 2800 Mechelen Rode Kruisplein, 2800 Mechelen Liersesteenweg, 2800 Mechelen		EURO SHOE GROUP NV MAXI ZOO BELGIUM BVBA BRANTANO NV OPENBARE VERKOPEN.BE BVBA VACANT LEEN BAKKER BELGIE NV NEW VANDEN BORRE NV DANS- EN EXPRESSIE VZW PRO-DUO NV ORCHESTRA - PREMAMAN NV BABYDUMP BV PIOCHEUR NV FUN BELGIUM NV			
			13.757		1.286.199,47	1.391.865,00	17.724.336,20
	Cluster Mechelen-South	Brusselsesteenweg, 2800 Mechelen Geerdegemstraat, 2800 Mechelen		INTRES BELGIUM XP BVBA FABRIMODE NV (BEL & BO) MENATAM SA (EGGO) BRANTANO NV NEW VANDEN BORRE NV REDISCO BVBA L&L RETAIL BELGIUM SA MADMAN BVBA LEGIO IMMO BELGIUM NV			
			7.536		940.922,21	870.785,00	8.954.399,22
	Cluster Westerlo	Bell Telephonelaan, 2260 Oevel Hotelstraat, 2260 Oevel		MERKKLEDING BVBA ACTION BELGIUM BVBA C&A BELGIE CV EURO SHOE GROUP NV FABRIMODE NV (BEL & BO) KWANTUM BELGIE BV RESIDENTIAL KP DECOR BVBA VACANT ZEBULAH NV ZEEMAN TEXTIELSUPERS NV			
			12.654		765.347,36	1.104.871,00	15.886.864,20
	Individual peripheral retail properties and others	Slachthuisstraat, 2000 Antwerpen Frans Beirenslaan, 2150 Borsbeek Geelsebaan, 2460 Kasterlee Antwerpsesteenweg, 2660 Hoboken Nekkerspoelstraat, 2800 Mechelen		ALDI RIJKEVORSEL NV CARPETLAND NV SINT-NIKLAAS DOE HET ZELF NV HUBO BELGIE NV			
			6.826		705.350,55	667.570,00	9.644.126,33

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
Brussels	Individual peripheral retail properties and others	Jerusalemstraat, 1030 Schaarbeek Ninoofsesteenweg, 1070 Anderlecht	2.205	ALDI CARGOVIL-ZEMST NV ORCHESTRA-PREMAMAN NV	246.936,47	228.375,00	2.764.160,90
Hainaut	Cluster Ath	Chaussée de Bruxelles, 7800 Ath	5.270	EURO SHOE GROUP NV AGIK SPRL KRUIDVAT BVBA MATCH SA ZEEMAN TEXTIELSUPERS NV TELENET GROUP BVBA PIOCHEUR NV ELECTRO AV NV ACTION BELGIUM BVBA ALKEN MAES NV MONI SPRL	556.404,99	664.935,00	7.080.296,22
	Cluster Aiseau-Presles	Rue du Campinaire, 6250 Aiseau-Presles	8.182	OMEGA NV (DATABUILD) RSDECO AVEVE NV ELECTRO AV NV ALDI GEMBLOUX SA EURO SHOE GROUP NV	731.107,34	734.642,50	10.898.022,47
	Cluster Enghien	Pavé de Soignies, 7850 Enghien	2.610	KREFEL NV BIO CORNERS SPRL	250.319,71	250.319,71	3.720.580,11
Cluster Erquelinnes	Route de Mons, 6560 Erquelinnes	2.232	SND SA (TRAFIC) TOMONA SPRL (TOM&CO)	187.765,80	187.765,80	2.781.492,34	
Cluster Frameries	Route Nationale, 7080 Frameries	7.653	ACTION BELGIUM BVBA FABRIMODE NV (BEL & BO) IMMO AVAL BELGIUM SA (INTERMARCHÉ) NATALE MARIO (SANDER BOUTIQUE) EURO SHOE GROUP NV ANISERCO NV WILLEMS NV (VERANDAS) LEGIO IMMO BELGIUM NV	695.219,86	695.219,86	11.138.464,78	

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Leuze-en-Hainaut	Rue de l'Artisanat, 7900 Leuze-en-Hainaut		ACTION BELGIUM BVBA LE REPAIRE DES FILOUS SPRL (SPEELZAAL KINDEREN) PRODUO SPRL (POILS ET PLUMES) EURO SHOE GROUP NV			
			3.050		269.201,56	269.201,56	3.982.110,76
	Cluster Mouscron	Rue de la Liesse, 7700 Mouscron		EXCEL-CASH SA (CASH CONVERTERS) LIDL GOBREL SA			
			2.713		332.530,05	332.530,05	5.228.877,66
	Cluster Péruwelz	Rue Neuve Chaussée, 7600 Péruwelz		PERUWELZ BRICOLAGE SPRL IMMO AVAL BELGIUM SA (INTERMARCHÉ) EURO SHOE GROUP NV POINT CARRE SPRL CHAUSSEA BRT BVBA JBC NV FABRIMODE NV (BEL & BO) ACTION BELGIUM BVBA			
			9.220		845.470,40	843.133,35	12.952.592,54
	Cluster Tournai	Rue des Roselières, 7503 Froyennes Rue de Maire, 7503 Froyennes Rue de la Taverne du Maire, 7503 Froyennes		CHAUSSURES MANIET SA LEEN BAKKER BELGIE NV DELCAMBE CHAUSSURES SPRL DECOR HEYTENS BELGIQUE NV ANISERCO NV PIOCHEUR NV CARGLASS NV VACANT DI SA MOBISTAR NV			
			7.979		843.645,79	916.202,87	8.268.820,60

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Route de Philippeville, 6010 Couillet		MAGIC SOFA SCS			
		Route Nationale, 6041 Gosselies		ELECTRO DEPOT BELGIE SA			
		Route de la Basse Sambre, 6060 Gilly		WIBRA BELGIE NV			
		Avenue du Centenaire, 6061 Montignies-sur-Sambre		MEGA STORE SPRL			
		Rue de la Persévérance, 6061 Montignies-sur-Sambre		SAY SPRL			
		Rue de Leernes, 6140 Fontaine-l'Evêque		JBC NV			
		Chaussée de Mons, 6150 Anderlues		E5-MODE NV			
		Rue Dewiest, 6180 Courcelles		DO INVEST NV			
		Rue des Français, 6200 Châtelet		NEW VANDEN BORRE NV			
		Chaussée de Gilly, 6220 Fleurus		MATCH SA			
		Rue de Bertransart, 6280 Gerpennes		POINT CARRE SPRL			
		Rue d'Anderlues, 6530 Thuin		JBC NV			
		Chaussée de Binche, 7000 Mons		DFAI-CENTRE FUNERAIRE MERCHANT BVBA			
		Avenue Wilson, 7012 Jemappes		MOBISTAR NV			
		Rue de la Station, 7060 Soignies		PROFI SA			
		Chaussee de Roeulx, 7060 Soignies		ALDI GEMBLOUX SA			
		Avenue de la Wallonie, 7100 La Louvière		DISTRILED CENTRE BVBA			
		Rue Zéphérin Fontaine, 7130 Binche		LIDL			
		Rue des bureaux, 7160 Chapelle-lez-Herlaimont		CODDS SPRL			
		Route de Mons, 7390 Quaregnon		NIKE RETAIL BV			
		Route de Mons, 7390 Wasmuel		MAGS BVBA (CHAUSSEA)			
		Rue du Grand Hornu, 7301 Hornu		BASIC FIT BELGIE			
				PIOCHEUR NV			
			CASHALLO SPRL				
			AVEVE NV				
			CHAUSSEA BRT BVBA				
			WIBRA BELGIE NV				
			RUNFA SPRL (WOK)				
			LEONARDO SPRL				
			OULA OOPS SPRL (BINNENSPEELTUIN)				
			MAXI TOYS BELGIUM SA				
			BASSANI SPRL				
			MC DONALD'S BELGIUM INC.				
			JCDECAUX BILLBOARD SA				
			DEVRESSE SA				
			ANISERCO NV				
			CARPETLAND NV				
			36.328		3.248.749,67	3.048.704,75	35.988.262,12

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
Limburg	Cluster Beringen	Koolmijnlaan, 3580 Beringen	17.637	BRICO BELGIUM NV	1.876.505,42	1.897.048,33	31.120.736,80
				ALBERT HEIJN BELGIE NV			
				MAXI ZOO BELGIUM BVBA			
				MAGS BVBA (CHAUSSEA)			
				MEDINA NV (BENT SCHOENEN)			
				L&L RETAIL BELGIUM SA			
				MONHASHEE BVBA (ZEB)			
				H&M HENNES & MAURITZ SA			
				FABRIMODE NV (BEL & B0)			
				C&A BELGIE CV			
				AVA PAPIERWAREN NV			
				NEW VANDEN BORRE NV			
	Cluster Genk-Hasseltweg	Hasseltweg, 3600 Genk Wilde Kastanjelaan, 3600 Genk	9.971	VAN BEUREN INTERIORS BVBA	727.069,30	723.575,00	9.318.202,39
				KVIK A/S			
				GOBREL SA			
				TOYCHAMP BELGIUM NV			
				SEATS AND SOFAS NV			
				BUDGETSLAGER NV			
				ALDI HEUSDEN-ZOLDER			
	Cluster Lommel	Binnensingel, 3920 Lommel	6.938	SPORTSDIRECT.COM BELGIUM	715.556,22	703.735,00	10.724.969,43
				LIDL			
				LEEN BAKKER BELGIE NV			
				KREFEL NV			

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)	
	Cluster Tongeren	Luikersteenweg, 3700 Tongeren		JBC NV L.TORFS NV ADL CONSULT BVBA PRO-DUO NV EURO SHOE GROUP NV KLEDING VOSSSEN NV NEW VANDEN BORRE NV MONASHEE BVBA (ZEB) DREAMLAND NV FABRIMODE NV (BEL & BO) KRUIDVAT BVBA E5-MODE NV CHAUSSEA BRT BVBA C.C.I.T. BVBA GOBREL SA PIOCHEUR NV AVA PAPIERWAREN NV DELIEVEC BVBA BELG. BIJKANTOOR DELHAIZE LE LION/DE LEEUW BV LIDL ACTION BELGIUM BVBA MAXI ZOO BELGIUM BVBA DESCARTO BVBA LEEN BAKKER BELGIE NV GROEP L.B.M. BVBA				
			30.930		2.373.503,68	2.779.780,00	37.888.234,27	
	Individual peripheral retail properties and others	Genkersteenweg, 3500 Hasselt Vredelaan, 3530 Houthalen Grote Baan, 3530 Houthalen Meylandtlaan, 3550 Heusden-Zolder Hoevenstraat, 3920 Lommel Maaseikersteenweg, 3620 Lanaken		VACANT GROUP GL INTERNTIONAL NV JBC NV LIDL RESIDENTIAL E5-MODE NV MAGS BVBA (CHAUSSEA) TOYCHAMP BELGIUM NV				
			8.364		551.062,74	745.640,00	11.105.816,84	

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)		
Liège	Cluster Blegny-Barchon	Rue Champs de Tignée, 4671 Barchon	11.871	WILMAR DECO SPRL	1.078.139,25	1.129.690,00	14.719.308,55		
		Champs de Tignée, 4671 Barchon		LES PERES NOIRS SA OPTIC BARCHON SPRL CHAUD DIFFUSION SPRL SAKER-GRECO BRICOBA SA INGI COIFFURE SPRL LES BOUCHERS DOUBLES SPRL LA CHINE WOK SPRL CIRCUS BELGIUM SA LA GLISSE 3D MANAGEMENT SPRL SEPTEMBRE 1965 SPRL (POINTCARRE) BELG. BIJKANTOOR DELHAIZE LE LION/DE LEEUW BV LIDL T.C. BONCELLES SPRL PHILIPPE STEVENS SPRL - DIGITHOME					Cluster Liège Edge of Town
	Cluster Liège Edge of Town	Bld Cuivre et Zinc, 4000 Liège Boulevard Raymond Poincaré, 4000 Liège Boulevard de Froidmont, 4000 Liège	14.650	ANISERCO NV DISCUS SPRL (VERKOOP VISGEREI) VACANT STAR MODE SPRL KREFEL NV APRICOT SA (VERKOOP KLEDING) BURGER BRANDS BELGIUM NV LEEN BAKKER BELGIE NV LA GRANDE RECRE BELGIQUE SPRL BURO MARKET NV ALDI VAUX-SUR-SURE SA DISTRILED LIEGE SPRL LEGIO IMMO BELGIUM NV LAMBRECHTS NV (GROOTHANDEL SANITAIR) ENGELS LIEGE BVBA	1.246.479,61	1.316.920,00	15.665.782,40		

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Eupen	Rue Mitoyenne, 4700 Eupen Herbesthalerstraat, 4700 Eupen		PIOCHEUR NV ANISERCO NV CHAUSSEA BRT BVBA C&A BELGIE CV CASSIS SA EURO SHOE GROUP NV JBC NV PRO-DUO NV VERITAS NV ORCHESTRA-PREMAMAN NV			
			9.153		883.531,61	826.760,00	12.949.150,31
	Cluster Liège-Herstal	Rue des Naiveux, 4040 Herstal Rue Arnold Delsupexhe, 4040 Herstal		GOBREL SA L&L RETAIL BELGIUM SA PROMOTEX INTERNATIONAL SA EN TAO BELGIQUE SA NEW VANDEN BORRE NV REDISCO BVBA AVA PAPIERWAREN NV			
			5.205		663.287,55	539.183,58	4.794.580,69
	Cluster Rocourt	Chaussée de Tongres, 4000 Rocourt		AUTO 5 NV CLUB SA KREFEL NV MEDI-MARKET PARAPHARMACIE LIEGE NV BDO DISTRIBUTION SA MAGS BVBA (CHAUSSEA) C&A BELGIE CV EURO SHOE GROUP NV HEMA BELGIE BVBA DISTRJ JEMAPPES-ROCOURT SPRL (GIFI-IDE) JBC NV BURGER BRANDS BELGIUM NV			
			10.964		1.716.999,94	1.683.255,00	27.707.939,92

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Verviers	Boulevard des Gérardchamps, 4800 Verviers Rue Fernand Houget, 4800 Verviers Rue d' Anvers, 4800 Verviers Rue de la Station, 4800 Verviers		BELG. BIJKANTOOR DELHAIZE LE LION/DE LEEUW BV GEMEENSCHAP DELHAIZE/TOM & CO/LEENBAKKER ANISERCO NV LEEN BAKKER BELGIE NV BDO DISTRIBUTION SA BRANTANO NV PIOCHEUR NV REGIE DES BATIMENTS DECATHLON BELGIUM NV MCDONALD'S RESTAURANTS BELGIUM NV SECUREX INTERNATIONAL MIAMI SUN SPRL ING BELGIQUE SA PHARMACIES POPULAIRES DE VERVIERS ET ARR. SCRL DREAMLAND NV PRO-DUO NV GROEP BOSSUYT BELGIE NV ELECTRO AV NV SND SA (TRAFIC) MENATAM SA (EGGO) MAISONS DU MONDE PARFUMERIE ICI PARIS XL SA MAGS BVBA (CHAUSSEA) L&L RETAIL BELGIUM SA 3D MANAGEMENT SPRL JBC NV DELIMMO SA MAXI ZOO BELGIUM BVBA PAPETERIE.BE SPRL KRUIDVAT BVBA EDCOM SCRL			
			37.084		3.467.455,34	3.264.340,62	49.999.147,79

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Rue Joseph Demoulin, 4000 Liège		ACTION BELGIUM BVBA			
		Rue de Chafnay, 4020 Jupille-sur-Meuse		PROFI SA			
		Rue Servais Malaise, 4030 Grivegnée		EURO SHOE GROUP NV			
		Rue de Sewage, 4100 Seraing		KRUIDVAT BVBA			
		Route du Condroz, 4120 Neupré		ZANIMO SPRL			
		Avenue Laboulle, 4130 Tilff		SERAING DISCOUNT			
		Chaussée Romaine S/N, 4300 Waremme		POINT CARRE SPRL			
		Rue Joseph Wauters, 4500 Huy		BOUNCE WEAR BVBA (SPORTARTIKELLEN)			
		Avenue du Bosquet, 4500 Huy		LIDL			
		Rue du Bay-Bonnet, 4620 Fléron		BRANTANO NV			
		Rue Bureau, 4620 Fléron		BLEU CITRON SPRL			
	Avenue Reine Astrid, 4900 Spa		ORCHESTRA-PREMAMAN NV				
	Boulevard des Anglais, 4900 Spa						
	Rue du Chalet, 4920 Aywaille						
			16.158		1.382.020,89	1.241.849,86	16.566.916,72
Luxembourg	Cluster Marche-en-Famenne	Avenue de France, 6900 Marche-en-Famenne		MAXI TOYS BELGIUM SA			
		Chaussée de Liège, 6900 Marche-en-Famenne		BE KITCHEN SPRL			
		Rue du parc Industriel, 6900 Marche-en-Famenne		ZEEMAN TEXTIELSUPERS NV			
				C&A BELGIE CV			
				BBK EXPANSION BVBA (BABYKID)			
				LEEN BAKKER BELGIE NV			
				JMBA SPRL (IXINA)			
				PIOCHEUR NV			
				BASILE FAMILY SPRL			
				H&M JENNES & MAURITZ SA			
				HEMA BELGIE BVBA			
				EUROVENTES SPRL			
				ELECTRO AV NV			
			FOLLOW UP SPRL				
			CIVADIS SA				
			HUBO BELGIE NV				
			15.183		1.608.301,64	1.660.705,00	17.980.230,97

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Rue de Marche, 6600 Bastogne		JBC NV			
		Avenue de la Gare, 6720 Habay-la-Neuve		CARREFOUR BELGIUM RETAIL ASSOCIATES NV			
		Rue de la Ferme, 6780 Messancy		ZEEMAN TEXTIELSUPERS NV			
		Rue de la Vallée, 6780 Messancy		MAXI MARKET SPRL			
		Rue de Neufchâteau, 6800 Libramont-Chevigny		GOBREL SA			
		Rue de Libin, 6800 Libramont		MAKE SPRL			
		Avenue de Bouillon, 6800 Libramont		ZHAN LI FEN			
		Rue de l'Aliénau, 6800 Libramont		BLUE VISION MESSANCY (A CONSTITUER)			
		Rue de la Girafe, 6830 Bouillon		VACANT			
					QUALITY MEAT RENMANS SA		
				MEUBLES DOURET ET FILS			
				BRICO ARDENNE SPRL			
				KREFEL NV			
				PARTY 2000 SPRL			
				AVA PAPIERWAREN NV			
				OMEGA NV (DATABUILD)			
				BPOST SA			
			18.778		1.431.112,53	1.437.664,30	22.952.767,06
Namur	Cluster Dinant	Tienne de l'Europe / Rue Saint Jacques, 5500 Dinant Tienne de l'Europe, 5500 Dinant		BRANTANO NV			
				ELECTRO AV NV			
				LEEN BAKKER BELGIE NV			
				CASSIS SA			
				CHARTEX SA			
				RESIDENTIAL			
				NMD SPRL			
				C&A BELGIE CV			
			5.330		510.901,89	512.595,00	6.454.671,73
	Cluster Gembloux	Campagne d'Enée, 5030 Gembloux		MENATAM SA (EGGO)			
				VANDEN BERGH SA			
				AVA PAPIERWAREN NV			
				AUGEM SPRL			
				ELECTRO AV NV			
				KRUIDVAT BVBA			
				IDEAL DECOR ETS SA			
				DISTRILED CENTRE BVBA			
				LIDL			
			8.237		825.079,05	820.570,00	12.485.203,34

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Namur-North	Rue de Sardanson, 5004 Bouge Chaussée de Louvain, 5004 Bouge Rue Louis Albert, 5020 Champion Chaussée de Louvain, 5020 Champion		FAST FOOD SPRL CCB CORPORATE SPRL (CASH CONVERTERS) 2 HB ANS SPRL (HAIRCARE) C&A BELGIE CV CARREFOUR BELGIUM SA PIOCHEUR NV E5-MODE NV BRANTANO NV SND SA (TRAFIC) NCD SA (IXINA) ALDI GEMBLOUX SA MAISONS DU MONDE TIAN BAO SPRL			
			14.868		1.572.025,44	1.532.829,00	19.064.443,14
	Cluster Namur-South	Avenue du Prince de Liege, 5100 Jambes Chaussée de Liege, 5100 Jambes Chaussée de Marche, 5101 Erpent		NEW VANDEN BORRE NV CHAUSSEA BRT BVBA ORCHESTRA-PREMAMAN NV BURGER BRANDS BELGIUM NV KREFEL NV ECLIPSE SPRL (AUPING)			
			8.523		852.736,37	846.032,34	12.979.822,05
	Cluster Sambreville	Rue Baty des Puissances, 5190 Jemeppe-sur-Sambre		BRICO BELGIUM NV BRANTANO NV MAXI TOYS BELGIUM SA PING AN 168 SPRL (KLEDINGWINKEL) GOBREL SA BAVAROIS CONCEPT SPRL (WOK)			
			5.045		395.615,12	449.840,00	4.144.556,55
	Individual peripheral retail properties and others	Ancien Rivage, 5020 Malonne Chaussée de Wavre, 5030 Gembloux Avenue Reine Elisabeth, 5300 Andenne Avenue de la Belle Mine, 5300 Andenne Rue de Neuville, 5600 Philippeville		ANISERCO NV BRANTANO NV MAXI TOYS BELGIUM SA NEW VANDEN BORRE NV EURO SHOE GROUP NV C&A BELGIE CV ALDI GEMBLOUX SA			
			6.163		627.295,37	714.910,00	4.153.657,49

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
East Flanders	Cluster Dendermonde-Mechelsestwg	Leopold II-laan, 9200 Dendermonde	14.969	BELG. BIJKANTOOR DELHAIZE LE LION/DE LEEUW BV	1.372.051,97	1.423.525,00	7.627.022,04
		Mechelsesteenweg, 9200 Dendermonde		BELLOLI BVBA			
		Oude Vest, 9200 Dendermonde		PIOCHEUR NV			
				LEEN BAKKER BELGIE NV			
				FUN BELGIUM NV			
				BASIC FIT BELGIE			
				KREFEL NV			
				GAM NV			
				KRUIDVAT BVBA			
	Cluster Eeklo	Stationsstraat, 9900 Eeklo		DI SA			
		Stationstraat - Krügercenter, 9900 Eeklo		DAMART TSD NV			
		Gentsesteenweg, 9900 Eeklo		HUNKEMOLLER BELGIUM NV			
				HANS ANDERS BELGIE BVBA			
				L&L RETAIL BELGIUM SA			
				L.TORFS NV			
				C&A BELGIE CV			
				SAVERMO NV (ZEB)			
				LIDL			
				PIOCHEUR NV			
				HEMA BELGIE BVBA			
				NEW VANDEN BORRE NV			
				JBC NV			
				CARREFOUR BELGIUM RETAIL ASSOCIATES NV			
				FITFORM			
				WAMO BVBA			
				BRICO BELGIUM NV			
				ELECTRO AV NV			
				BELSAY NV			
				TIJDLOOS BVBA			
				BRANTANO NV			
			13.038		1.477.397,37	1.236.438,69	18.187.351,20

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Ghent-South	Kortrijksesteenweg, 9051 Sint-Denijs-Westrem Wallenkensstraat, 9051 Sint-Denijs-Westrem		FUN BELGIUM NV RETAIL CONCEPTS NV (AS ADVENTURE) DECOR HEYTENS BELGIQUE NV GDW-GENT BV FINSBURY PROPERTIES NV NEW VANDEN BORRE NV KREFEL NV DEUTSCHE BANK AG ORCHESTRA-PREMAMAN NV CARPETLAND NV PIOCHEUR NV L.TORFS NV WAMO BVBA			
			14.600		1.822.734,98	1.877.625,30	21.337.016,55
	Cluster Oudenaarde	Gentstraat, 9700 Oudenaarde		EXTRA VERTES BVBA C&A BELGIE CV LEEN BAKKER BELGIE NV VACANT PIOCHEUR NV WIBRA BELGIE NV ALBERT HEIJN BELGIE NV KRUIDVAT BVBA BPOST SA			
			7.954		445.841,59	645.727,15	6.911.516,83
	Cluster Sint-Niklaas	Parklaan, 9100 Sint-Niklaas Plezantstraat, 9100 Sint-Niklaas		GUNGO BVBA ELECTRO AV NV RESIDENTIAL FUN BELGIUM NV ALDI ERPE MERE NV			
			4.796		514.335,98	474.830,00	4.533.707,84

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Wetteren	Oude Heerbaan, 9230 Wetteren Oosterzelesteenweg, 9230 Wetteren		DE RYCKE BVBA (GROOTHANDEL BLOEMEN EN PLANTEN) ALFLORA BV (VERKOOP BLOEMISTENARTIKELEN) BB CONCEPT BVBA (OPSLAG DROGE VOEDING) GEMEENSCHAP DE RYCKE-ALFLORA-BB CONCEPT AMELIM NV ATITA NV (PAPIERWAREN) 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			
			25.247		1.702.571,89	1.656.978,00	25.707.925,20

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Fratersplein, 9000 Gent		LIDL			
		Brusselssesteenweg, 9050 Gentbrugge		VACANT			
		Maisstraat, 9060 Zelzate		MUYS NV			
		Antwerpsesteenweg, 9080 Lochristi		JBC NV			
		Brusselssesteenweg, 9090 Melle		DAMART TSD NV			
		Zelebbaan, 9160 Lokeren		AUGUSTYNS BVBA (VERKOOP KEUKENS)			
		Zelebbaan Lot B, 9160 Lokeren		BRANTANO NV			
		Oosterzelesteenweg, 9230 Wetteren		KREFEL NV			
		Grote Baan, 9250 Waasmunster		LEGIO IMMO BELGIUM NV			
		Brusselssesteenweg, 9300 Aalst		RESIDENTIAL			
		Gentsesteenweg, 9300 Aalst		TDM PRODUCTS BELGIUM BVBA			
		Pieter Corneliskaai, 9300 Aalst		CARPETLAND NV			
		Kwadelapstraat, 9320 Erembodegem		BRICO BELGIUM NV			
		Nachtegaalstraat, 9320 Erembodegem		MUYS NV			
		Brakelsesteenweg, 9400 Ninove		ALDI ERPE MERE NV			
		Astridlaan, 9500 Geraardsbergen		MODEMAKERS FASHION NV			
		Provincieweg, 9550 Herzele		OMEGA (DEINZE)			
		Noordlaan, 9630 Munkzwalm		PLAZA GENT BVBA			
	Ronseweg, 9700 Oudenaarde		MATCH SA				
	Astenemolenstraat, 9800 Deinze						
	Kortrijksesteenweg, 9830 Sint-Martens-Latem						
	Stationsstraat, 9890 Gavere						
	Puitvoetstraat, 9100 Sint-Niklaas						
			56.705		4.154.734,35	4.227.777,99	58.992.716,13
Flemish Brabant	Cluster Halle	Edingsesteenweg, 1500 Halle		KP DECOR BVBA			
		Bergensesteenweg, 1500 Halle		ORCHESTRA-PREMAMAN NV			
		Demaeghtlaan, 1500 Halle		AVEVE NV			
		Bergensesteenweg, 1600 Sint-Pieters-Leeuw		BRANTANO NV			
			7.457		467.629,82	653.800,00	6.160.459,74
	Cluster Kampenhout	Mechelsesteenweg, 1910 Kampenhout		EURO SHOE GROUP NV			
			FABRIMODE NV (BEL & BO)				
			NORDEX NV				
			STANDAARD BOEKHANDEL NV				
			ZEEMAN TEXTIELSUPERS NV				
			PIOCHEUR NV				
			4.536		497.521,41	557.850,00	2.157.788,68

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Leuven-East	Tiensesteenweg, 3360 Korbeek-Lo Ridderstraat, 3360 Bierbeek		LOVANIX BVBA (IXINA) SANTANA INTERNATIONAL nv FUN BELGIUM nv ORCHESTRA-PREMAMAN nv BRANTANO nv FABRIMODE nv (BEL & BO) LEEN BAKKER BELGIE nv LEGIO IMMO BELGIUM nv PIOCHEUR nv L.TORFS nv			
			11.010		1.343.171,32	1.315.364,00	19.215.092,84
	Cluster Zaventem	Leuvensesteenweg, 1930 Zaventem Leuvensesteenweg, 1932 Sint-Stevens-Woluwe Jozef Van Damstraat, 1932 Sint-Stevens-Woluwe		CARPETLAND NV VONIKA BVBA E-LOGISTICS NV VACANT PROMO SAPIENS NV HUBO BELGIE NV BEDDEN EN MATRASSEN BV COOLBLUE NV ANISERCO NV RETAIL PARTNERS COLRUYT GROUP ZEEMAN TEXTIELSUPERS NV KRUIDVAT BVBA			
			15.382		1.195.852,99	1.289.620,00	17.838.775,66

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Humaniteitslaan, 1601 Ruisbroek		GOBREL SA			
		Verlengde Stallestraat, 1620 Drogenbos		ATLANTIS SPRL			
		Nieuwe Stallestraat, 1620 Drogenbos		RETAIL CONCEPTS NV (AS ADVENTURE)			
		Waterloosesteenweg, 1640 Sint-Genesius-Rode		NEW VANDEN BORRE NV			
		Ninoofsesteenweg, 1700 Dilbeek		VACANT			
		Assesesteenweg, 1740 Ternat		CEMEPRO SPRL (CHATEAU D'AX)			
		Schaarbeeklei, 1800 Vilvoorde		BRANTANO NV			
		Goudbloemstraat, 1800 Vilvoorde		JBC NV			
		Waardbeekdreef, 1850 Grimbergen		DEVOTEC BVBA			
		Hoogstraat, 1930 Zaventem		RESIDENTIAL			
		Brusselsesteenweg, 3020 Herent		ALDI CARGOVIL-ZEMST NV			
		Brusselsesteenweg, 3090 Overijse		AVA PAPIERWAREN NV			
		Leuvensesteenweg, 3290 Diest		KREFEL NV			
		Leuvenselaan, 3300 Tienen		LEEN BAKKER BELGIE NV			
	Aarschotsesteenweg, 3390 Sint-Joris-Winge		PIOCHEUR NV				
				ALDI HEUSDEN-ZOLDER			
				RETAIL CONCEPTS NV (AS ADVENTURE)			
				FUN BELGIUM NV			
			32.157		3.596.326,23	3.595.209,85	49.293.471,47
Walloon Brabant	Cluster Braine l'Alleud	Avenue de la belle Province, 1420 Braine-l'Alleud Rue Pierre Flamand, 1420 Braine-l'Alleud		AVA PAPIERWAREN NV			
				PROXIMUS NV (BELGACOM)			
				BRANTANO NV			
				C&A BELGIE CV			
				BELG. BIJKANTOOR DELHAIZE LE LION/			
				DE LEEUW BV			
				LEGIO IMMO BELGIUM NV			
				MAXI TOYS BELGIUM SA			
				MOBISTAR NV			
				PIOCHEUR NV			
				ORCHESTRA-PREMAMAN NV			
			8.536		791.188,11	804.685,88	12.266.016,95
	Cluster Nivelles	Chaussée de Namur, 1400 Nivelles		BASIC FIT BELGIE			
				SND SA (TRAFIC)			
				VOLTIS SA			
				MENATAM SA (EGGO)			
				NEW VANDEN BORRE NV			
			5.783		566.127,45	693.480,00	9.191.134,87

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Individual peripheral retail properties and others	Avenue Reine Astrid, 1300 Wavre Rue Pont du Christ, 1300 Wavre Rue des Carabiniers, 1300 Wavre Avenue de Centenaire, 1400 Nivelles Brusselsesteenweg, 1410 Waterloo Grand Route, 1435 Corbais Rue du Bosquet, 1370 Jodoigne		CHAUSSEA BRT BVBA PIOCHEUR NV REGIE D'ELECTRICITE DE LA VILLE DE WAVRE VACANT BRICO BELGIUM NV CARPETLAND NV CHAUSSURES MANIET SA PARTIJHALLEN BVBA			
			7.467		748.711,81	860.895,00	11.826.745,21
West Flanders	Cluster Bruges-North	Sint-Pieterskaai, 8000 Brugge Sint-Pieterszuidstraat en Veemarktstraat, 8000 Brugge		GOBREL SA HEMA BELGIE BVBA DELIX 88 BVBA LIDL EURO SHOE GROUP NV ADL CONSULT BVBA IDEWE VZW DREAMBABY NV LEEN BAKKER BELGIE NV ACTION BELGIUM BVBA OMEGA (BWC) MAXI ZOO BELGIUM BVBA KRUIDVAT BVBA ZEEMAN TEXTIELSUPERS NV			
			14.110		1.295.615,13	1.306.415,00	20.101.941,56
	Cluster Kortrijk-North	Ringlaan, 8500 Kortrijk Ringlaan, 8520 Kuurne Ter Ferrants, 8520 Kuurne		I & S FASHION NV IMETAM BVBA L.TORFS NV DE MAMBO BVBA KI VIDEO BVBA (MATRASSEN) NEW VANDEN BORRE NV VACANT AVA PAPIERWAREN NV ACTION BELGIUM BVBA LEEN BAKKER BELGIE NV			
			12.714		919.005,53	1.140.195,00	10.743.615,98

Province	Cluster/IBW	Address	Gross surface (m ²)	Tenants	Rental income (EUR)	Estimated Rental Value (EUR)	Acquisition value (EUR)
	Cluster Roeselare	Brugsestraat, 8800 Roeselare Brugsesteenweg, 8800 Roeselare Mercury Centrum - Brugsesteenweg, 8800 Roeselare		BRICO BELGIUM NV ANISERCO NV PIOCHEUR NV IMETAM BVBA BELGIAN POSTERS SEATS AND SOFAS NV OMEGA NV NEW VANDEN BORRE NV			
			12.903		1.353.126,77	1.241.720,00	16.001.880,63
	Individual peripheral retail properties and others	Torhoutsestraat, 8020 Ruddervoorde Maalsesteenweg, 8310 Sint-Kruis Torhoutsesteenweg, 8400 Oostende Biezenstraat, 8430 Middelkerke Koninklijke Baan, 8670 Koksijde Gentstraat, 8760 Meulebeke Gentseweg, 8793 Sint-Eloois-Vijve Frankrijklaan, 8970 Poperinge		MATCH SA KI VIDEO BVBA (MATRASSEN) C&A BELGIE CV HOLSTRA BVBA IMETAM BVBA PARTIJHALLEN BVBA BRANTANO NV ALDI Roeselare NV AVA PAPIERWAREN NV MEKOWA BVBA (GAMMA) INOFEK BVBA PPG COATING BVBA OMEGA (BWC)			
			15.092		1.151.994,40	1.286.809,00	19.321.771,64

On 31 March 2017 there were 10 unoccupied retail outlets in Nivelles (demolition and reconstruction), Drogenbos (warehouse), Zaventem

(warehouse), Oevel (new building delivered), Mechelen, Hasselt (expansion), Liège, Messancy, Froyennes, Kuurne, Gentbrugge and

Oudenaarde. There are 3 vacant apartments located in Schaarbeek (sale planned for 22 May 2017) and Mechelen. There is also 1 small

shop in Waver that is vacant, and 1 office in Mechelen. This represents 1.87% of the total portfolio.



O3

REPORTS OF REAL ESTATE EXPERTS

REPORT BY CUSHMAN & WAKEFIELD

This report covers 344 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 2017, which covers the portfolio of Retail Estates + DistriLand + Hainaut Retail Invest nv.

We confirm that we carried out this task as an 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 Belgian Real Estate Investment Trusts (BE-REITs) – (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. On the basis of a representative sample of the properties on the Belgian market, the average transfer cost equals 2.50% (for buildings with a higher value than EUR 2,500,000 over the period 2013, 2014, 2015 and Q1 2016).

For buildings with a value higher than EUR 2,500,000 we obtain a sale value excluding costs corresponding with the real value (“fair value”) as set by the international accounting standard IAS 40, by subtracting 2.50% transfer cost 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. In case when the market rent is higher than the

actual paid rent, this adjusted market rent is determined by taking 60% of the gap between the market rent and the actual passing rent. If this is not the case, then the adjusted market rent is equal to actual paid rent. The difference will be added to the actual paid rent. The market rent will be capitalised in case the actual paid rent is higher than the market rent. In addition, adjustments are made for the difference in actual paid rent and (adjusted) market rent.

The portfolio of Retail Estates nv (incl. Tongeren) has at 31.03.2017 an investment value (corrections incl.) of EUR 458.28 million and a fair value of EUR 447.11 million. The investment value, in absolute terms, increased with 1.82%. This gives a yield of 6.67% for Retail Estates.

The portfolio of Immobilière Distri-Land nv has at 31.03.2017 an investment value (corrections incl.) of EUR 18.06 million and a fair value of EUR 17.62 million.

The investment value, in absolute terms, increased with 7.17% compared to the last quarter. This gives a yield of 7.07% for Immobilière Distri-Land nv.

The portfolio of Hainaut Retail Invest nv has at 31.03.2017 an investment value (corrections incl.) of EUR 37.68 million and a fair value of EUR 36.76 million.

The investment value, in absolute terms, increased with 0.05% compared to the last quarter. This gives a yield of 6.43 % for Hainaut Retail Invest nv.”

REPORT BY CBRE

The CBRE report, dated 31 March 2017, is a report on 320 real estate properties belonging to Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at EUR 565.33 million and the fair value at EUR 551.55 million. These properties represent a collectable rent of EUR 36.98 million, which represents a gross yield of 6.54%.

REPORT BY STADIM

The Stadim report, dated 31 March 2017, is a report on a semi-logistics complex. The investment value of these real estate properties is estimated at EUR 4.74 million and the fair value at EUR 4.62 million. These properties represent a collectable rent of EUR 0.33 million, which represents a gross yield of 6.75%.

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FINANCIAL REPORT

06

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“ Retail estates was again included in the EPRA annual report Survey and received a gold award.”

I. A. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	Notes	31.03.17	31.03.16
Rental income	1	66,561	62,074
Rental related expenses	2	-537	-394
Net rental income		66,024	61,680
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties	3	6,400	5,882
Rental charges and taxes normally payable by tenants on let properties	4	-6,851	-6,134
Other rental related income and expenses		-108	-41
Property result		65,465	61,386
Technical costs	5	-2,237	-2,054
Commercial costs	6	-508	-427
Charges and taxes on unlet properties	7	-339	-338
Property management costs	8	-1,912	-1,683
Other property costs	9	56	-2
Property costs		-4,940	-4,504
Operating property result		60,525	56,882
Operating corporate costs	10	-2,941	-2,841
Other current operating income and expenses			

INCOME STATEMENT (in € 000)	Notes	31.03.17	31.03.16
Operating result before result on portfolio		57,584	54,041
Result on disposals of investment properties	11	279	341
Result on sales of other non-financial assets			
Changes in fair value of investment properties	12	13,754	10,216
Other result on portfolio		-144	
Operating result		71,473	64,598
Financial income	13	61	144
Net interest charges	14	-18,274	-16,852
Authorised hedging instruments' costs	35	-869	-4,995
Other financial charges	15	18	-70
Financial result		-19,064	-21,774
Result before taxes		52,409	42,824
Taxes	16	-273	-789
Net result		52,136	42,035
Attributable to:			
Shareholders of the Group		52,136	42,035
Minority interests			
Note:			
EPRA earnings (share Group)¹		39,115	36,473
Result on portfolio		13,889	10,557
Changes in fair value of financial assets and liabilities		-869	-4,995

RESULT PER SHARE	Notes	31.03.17	31.03.16
Number of ordinary shares in circulation	17	9,008,208	8,866,320
Weighted average number of shares	17	8,907,915	8,627,562
Net profit per ordinary share (in €) ²		5.85	4.87
Diluted net profit per share (in €)		5.85	4.87
EPRA earnings per share (in €) ³		4.39	4.23

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

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

3 The EPRA earnings per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, the EPRA earnings per share amounts to EUR 4.34 at 31.03.2017 versus EUR 4.11 at 31.03.2016.

1. B. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME)

Statement of other comprehensive income (in € 000)	31.03.17	31.03.16
Net result	52,136	42,035
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	-1,761	-4,080
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	9,870	1,427
OTHER COMPREHENSIVE INCOME	60,245	39,382

2. CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	Notes	31.03.17	31.03.16
Non-current assets		1,075,389	1,002,510
Goodwill			
Intangible non-current assets		346	147
Investment properties ⁵		1,071,361	1,000,799
Other tangible non-current assets		2,134	1,554
Finance lease receivables		1,030	
Trade receivables and other non-current assets		518	10
Current assets		11,948	13,105
Non-current assets or groups of assets held for sale		5,691	8,222
Trade receivables		938	1,373
Tax receivables and other current assets		3,160	1,466
Cash and cash equivalents		978	1,315
Deferred charges and accrued income		1,181	729
TOTAL ASSETS		1,087,338	1,015,615

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	31.03.17	31.03.16
Shareholders' equity		514,970	474,170
Shareholders' equity attributable to the shareholders of the parent company		514,970	474,170
Capital	27	197,603	194,545
Issue premiums	28	157,529	151,499
Reserves		107,702	86,091
Net result of the financial year		52,136	42,035
Minority interests			

⁵ Including project developments (IAS 40).

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)		Notes	31.03.17	31.03.16
Liabilities			572,369	541,445
Non-current liabilities			511,226	456,178
Provisions				
Non-current financial debts		34/35	485,330	428,023
Credit institutions			400,910	398,225
Long term financial lease				10
Other			84,420	29,788
Other non-current financial liabilities		30/35	25,896	28,155
Current liabilities			61,143	85,267
Current financial debts		34/35	30,909	42,601
Credit institutions			30,909	42,597
Short term financial lease				4
Trade debts and other current debts		31	11,976	21,071
Exit tax			4,327	13,219
Other			7,649	7,852
Other current liabilities		32	11,504	15,633
Accrued charges and deferred income		33	6,754	5,963
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			1,087,338	1,015,615
DEBT RATIO			31.03.17	31.03.16
Debt ratio ⁶		36	50.26%	49.95%
NET ASSET VALUE PER SHARE (in €) - SHARE GROUP			31.03.17	31.03.16
Net asset value per share IFRS ⁷			57.17	53.48
EPRA NAV ⁸			59.29	56.66
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments			58.96	56.27

⁶ The debt ratio is calculated as follows: liabilities (excluding provisions, accrued charges and deferred income, financial instruments and deferred taxes), divided by the total assets (excluding hedging instruments).

⁷ The net asset value per share IFRS (fair value) is calculated as follows: shareholders' equity (attributable to the shareholders of the parent company) divided by the number of shares.

⁸ EPRA NAV is calculated as follows: shareholders' equity (excluding the fair value of authorised hedging instruments) 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	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2015	166,902	101,838	77,233	35,238	381,212
- Net appropriation of profits 2015-2016					
- Transfer of portfolio result to reserves			6,131	-6,131	
- Transfer of EPRA earnings to reserves			5,673	-5,673	
- Reclassification between reserves					
- Dividends of the financial year 2014-2015				-23,434	-23,434
- Capital increase	28,345	47,870			76,215
- Capital increase through contribution in kind	1,060	1,791			2,851
- Costs of capital increase	-1,762				-1,762
- Other			-291		-291
- Other comprehensive income 31/03/2016			-2,653	42,035	39,382
Balance according to IFRS on 31 March 2016	194,545	151,499	86,093	42,035	474,170
- Net appropriation of profits 2016-2017					
- Transfer of portfolio result to reserves			5,221	-5,221	
- Transfer of EPRA earnings to reserves			8,442	-8,442	
- Reclassification between reserves					
- Dividends of the financial year 2015-2016				-28,372	-28,372
- Capital increase					
- Capital increase through contribution in kind	3,193	6,030			9,223
- Costs of capital increase	-134				-134
- Other			-160		-160
- Other comprehensive income 31/03/2017			8,109	52,136	60,245
Balance according to IFRS on 31 March 2017	197,603	157,529	107,705	52,136	514,970

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the effective part of the fair value of authorised hedging instruments are not subjected to qualify for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2015	411	88,757	9,103	-20,860	-24,587		24,409	77,233
- Net appropriation of profits 2015-2016								
- Transfer of portfolio result to reserves		6,131						6,131
- Transfer of EPRA earnings to reserves							5,673	5,673
- Reclassification between reserves	663	-3,160	2,869	291	21,323	-21,323	-663	0
- Capital increase through contribution in kind								
- Costs of capital increase								
- Other				-291				-291
- Other comprehensive income 31/03/2016				-4,080	-2,292	3,719		-2,653
Balance according to IFRS on 31 March 2016	1,074	91,728	11,972	-24,942	-5,556	-17,604	29,419	86,091
- Net appropriation of profits 2016-2017								
- Transfer of portfolio result to reserves		10,216				-4,995		5,221
- Transfer of EPRA earnings to reserves							8,442	8,442
- Reclassification between reserves	-942	-499	1,441					0
- Capital increase through contribution in kind								
- Costs of capital increase								
- Other		-160						-160
- Other comprehensive income 31/03/2017				-1,761	1,524	8,346		8,109
Balance according to IFRS on 31 March 2017	133	101,285	13,413	-26,703	-4,032	-14,253	37,861	107,705

4. CONSOLIDATED CASH-FLOW STATEMENT

CASH-FLOW STATEMENT (in € 000)	31.03.17	31.03.16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,315	1,469
1. Cash-flow from operating activities	33,445	29,420
Operating result	71,473	64,958
Interest paid	-16,699	-16,837
Interest received	5	7
Corporate taxes paid	-15,444	-7,150
Corporate taxes received	308	632
Other	12,493	425
Non-cash elements to be added to / deducted from the result:	-12,476	-10,319
* Depreciations and impairments		
- Depreciations / Impairments (or write-backs) on tangible and intangible assets	257	218
- Depreciations / Impairments (or write-backs) on trade receivables	288	102
* Other non-cash elements		
- Changes in the fair value of investment properties	-13,754	-10,216
- Profit on disposal of investment properties	-279	-341
- Other result on portfolio	144	
- Changes in the fair value of financial assets and liabilities	868	
* Other		-82
Change in working capital requirements:	-6,215	-2,296
* Movement of assets		
- Trade receivables and other receivables	238	1,199
- Tax receivables and other current assets	-1,715	381
- Deferred charges and accrued income	-424	254
- Long-term assets	-1,538	-5
* Movement of liabilities		
- Trade debts and other current debts	-14,502	-5,764
- Other current liabilities	11,089	997
- Accrued charges and deferred income	637	642

CASH-FLOW STATEMENT (in € 000)	31.03.17	31.03.16
2. Cash-flow from investment activities	-37,274	-92,900
Purchase of intangible assets	-288	-100
Purchase of investment properties	-8,218	-26,390
Disposal of investment properties and assets held for sale	9,459	11,970
Acquisition of shares of real estate companies	-37,481	-77,040
Disposal of shares of real estate companies		
Purchase of other tangible assets	-762	-1,353
Disposal of other tangible assets	16	13
Disposal of non-current financial assets		
Income from trade receivables and other non-current assets		
3. Cash-flow from financing activities	3,492	63,329
* Change in financial liabilities and financial debts		
- Increase in financial debts	236,977	222,500
- Decrease in financial debts	-204,886	-210,190
* Change in other liabilities		
- Increase in other liabilities	66	
* Change in shareholders' equity		
- Capital increase and issue premiums		76,215
- Costs of capital increase	-133	-1,762
- Other	-160	
* Dividend		
- Dividend for the previous financial year	-28,372	-23,434
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	978	1,315

5. NOTES TO THE CONSOLIDATED ACCOUNTS

GENERAL COMPANY INFORMATION

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

The consolidated accounts of the company for the financial year which ended on 31 March 2017 comprise the company and its subsidiaries (the "Group"). The annual accounts were approved for publication by the board of directors on 19 May 2017 and will be submitted for approval to the annual shareholders' meeting on 24 July 2017.

SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF CONFORMITY

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

Determining the fair value of the investment properties in accordance with IAS 40 Investment properties, 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 2017 and 31 March 2016, the respective amounts of EUR 1.76 million and EUR 4.08 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 41.

New or amended standards and interpretations, applicable in 2016

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.

The following interpretation and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2016:

- Amendment to **IFRS 11** 'Joint arrangements' on acquisition of an interest in a joint operation, effective for annual periods beginning on or after 1 January 2016. This amendment provides guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
- Amendment to **IAS 16** 'Property, plant and equipment' and **IAS 38** 'Intangible assets' on depreciation and amortisation, effective for annual periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic

benefits embodied in an intangible asset.

- Amendment to **IAS 16** 'Property, plant and equipment' and **IAS 41** 'Agriculture' on bearer plants, effective for annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

- Amendments to **IAS 27** 'Separate financial statements' on the equity method, effective for annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to **IAS 1** 'Presentation of financial statements', effective

for annual periods beginning on or after 1 January 2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

- Amendment to **IAS 19**, 'Employee benefits', on defined benefit plans (effective 1 July 2014 and endorsed for 1 February 2015). These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective

of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary

- **Annual improvements 2010-2012** (effective 1 July 2014 and endorsed for 1 February 2015). These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments – Recognition and measurement'.

- **Annual improvements 2012-2014** (effective and endorsed for 1 January

2016). These set of amendments impacts 4 standards: IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal; IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts; IAS 19, 'Employee benefits' regarding discount rates; IAS 34, 'Interim financial reporting' regarding disclosure of information.

- **Amendments to IFRS 10** 'Consolidated financial statements', **IFRS 12** 'Disclosure of interests in other entities' and **IAS 28**, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The following interpretation and amendments to standards are mandatory for the first time for the financial year beginning 1 January

2016 (however yet subjected to EU endorsement):

- **IFRS 14** 'Regulatory deferral accounts', effective for annual periods beginning on or after 1 January 2016. It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

New or amended standards and interpretations not yet in force

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2016 and have been endorsed by the European Union:

- **IFRS 9** 'Financial instruments', effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement, derecognition of financial assets and financial liabilities and general hedge accounting.
- **IFRS 15** 'Revenue from contracts with customers'. The standard will improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018.

The following new standards,

amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2016 and have not been endorsed by the European Union:

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

of an identified asset for a period of time in exchange for consideration.

- **Amendments to IFRS 10**, 'Consolidated financial statements' and **IAS 28**, 'Investments in associates and joint ventures', for which the effective date still has to be determined. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- **Amendments to IAS 12**, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective 1 January 2017). These

amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

- **Amendments to IAS 7**, Statement of cash flows (effective 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- **Amendments to IFRS 15**, 'Revenue from contracts with customers' – Clarifications (effective 1 January 2018). These amendments comprise clarification guidance on identifying performance obligations, accounting for licences of intellectual property and the principle versus agent assessment. The amendment also includes more illustrative examples.

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

- **Amendments to IFRS 4**: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018): These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss,

the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

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

- **Annual improvements 2014-2016** applicable to three standards of

which changes on IFRS 1 and IAS 28 are applicable as of 1 January 2018 and changes on IFRS 12 are applicable as of 1 January 2017. These set of amendments impacts 3 standards: IFRS 1; First-time adoption of IFRS; regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10; IFRS 12; 'Disclosure of interests in other entities' regarding clarification of the scope of the standard (these amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017) and IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value.

- **IFRIC 22**; 'Foreign currency transactions and advance consideration (effective 1 January 2018): 'This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for

when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

PRESENTATION PRINCIPLES

The financial information is drawn up in euro (EUR), and is rounded off to the nearest thousand. The companies of the Group also do their accounting in euro (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 BE-REIT 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 BE-REIT (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 real properties, the real properties by function, and the rights in rem over real 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 real 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 Belgian real estate investment trusts (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) the 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 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”.

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%
- Properties own use	3%

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

If there are indications that an asset may have suffered an impairment loss, the 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 2017, 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 out-of-town retail real estate. The real estate owned by the issuer is the type of out-of-town retail real estate in which Retail Estates nv aims to invest. Although Retail Estates nv is not the legal owner of this real estate, it considers itself to be the economic beneficiary, pro rata its contractual rights in ownership. In addition, an investment in real estate certificates is considered as an investment in real estate pursuant to Article 2, sub. 5^o, x, of the Belgian BE-REIT Act 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 2017, the value of the investment properties related to the Distri-Land certificates amounts to EUR 14.04 million (EUR 14.78 million on 31 March 2016) compared to a total portfolio of EUR 1,071.36 million. During the course of the financial year, 1 property was sold from the Distri-Land portfolio.

Processing of coupons

1. Processing of current operating result
As a holder of real estate certificates, Retail Estates nv has a contractual right, pro rata to the number of real estate certificates in its possession, to a share of the operating result. 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 directors. This scheme was entrusted to a fund that is independent of the company (for the directors). The plan for employees is largely handled via the joint labour committee.

Contributions paid during the financial year are recognised as expenses.

PROPERTY RESULT

The net rental result includes the rent, operating lease income and other 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 BE-REIT status. These costs are incurred in order to obtain transparent financial information, to be economically comparable with other types of investments and to offer investors the opportunity 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.

CORPORATE INCOME TAX

Corporate income tax on the profit or loss for the year comprises

current tax charges. Corporate 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 charges are 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 the corporate income tax on the capital gain that arises following the merger of a BE-REIT with a company that is not a BE-REIT. When this company first enters the consolidation scope of the Group, a provision for exit tax liabilities is recorded.

In principle, intermediate revisions of this provision for exit tax only take place when the rise in value of this company's property calls for 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

EVOLUTION OF THE INTEREST RATES

Higher interest rates result in increased financial expenses and a decrease in the EPRA earnings. In the current context of negative interest rates, the method used by some banks of demanding a floor for the Euribor rate (which is used as a reference in the financing contracts) of 0%, has a negative effect on the financial costs. For hedging the interest rate risk on non-current loans with variable interest rate, Retail Estates nv makes use of financial instruments of the IRS type. In an interest rate swap the variable interest rate is exchanged for a fixed interest rate. Due to this interest rate policy, 90.45% of the current loans are hedged with a fixed interest rate. An interest hedging has also been concluded for a large part of the

still to be renewed credits. The weighted average interest rate of the public BE-REIT is 3.42%.

FINANCING RISK

Long-term financing is concluded in the form of "bullet loans", i.e., loans for which the principal must be paid back in full after a term of five to eight years. The diversification of financing over various banks limits the Group's liquidity risk. The Group concludes 90.45% 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 34 and 35.

SEGMENTED INFORMATION

Since out-of-town retail real estate constitutes 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.



6. 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

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 lease agreements.

Rental income (in € 000)	31.03.17	31.03.16
Within one year	69,096	68,062
Between one and five year(s)	244,856	226,994
Within more than five years	374,736	369,098

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 19.36 % of the buildings. For this part of the portfolio, the average rental prices increased from EUR 79.77 to EUR 91.32 per m². The granting of rent-free periods is rather rare in the market of out-of-town retail real estate. In the past three years, and out of a portfolio of 668 properties, a total of 84 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 by the tenant 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)	31.03.17	31.03.16
Rent payable for hired assets and lease costs	-249	-292
Impairments on trade receivables	-288	-102
Total rental-related expenses	-537	-394

NOTE 3

Recovery of charges and taxes normally payable by tenants on let properties (in € 000)	31.03.17	31.03.16
Recharging of rental charges borne by the owner	1,772	1,443
Recharging of real estate taxes and taxes on let properties	4,628	4,439
Total recovery of charges and taxes normally payable by tenants on let properties	6,400	5,882

NOTE 4

Charges normally payable by tenants on let properties (in € 000)	31.03.17	31.03.16
Rental charges borne by the owner	-1,989	-1,690
Real estate taxes and taxes on let properties	-4,862	-4,444
Total charges normally payable by tenants on let properties	-6,851	-6,134

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.

The buildings (both existing and those under construction) are covered by various insurance policies (covering among others the risks of fire, storm and water damage) for a total value (new building value without land) of approximately EUR 511.07 million. This amount represents 47.70% of the fair value of the real estate on the same date (EUR 1,071.36 million). The cover is limited to an amount determined by Retail Estates, based on the new building value.

NOTE 5

Technical costs (in € 000)	31.03.17	31.03.16
Recurrent technical costs	-1,769	-1,634
Structural maintenance	-1,769	-1,634
Non-recurrent technical costs	-469	-420
Occasional maintenance	-466	-402
Claim events covered by insurance companies	-202	-124
Compensations received from insurance companies	199	106
Total technical costs	-2,237	-2,054

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)	31.03.17	31.03.16
Brokers' commissions	-57	-72
Publicity related to the properties	-37	-76
Lawyers' fees and legal costs	-261	-178
Other	-153	-101
Total commercial costs	-508	-427

NOTE 7

Charges and taxes on unlet properties (in € 000)	31.03.17	31.03.16
Vacancy charges of the financial year	-204	-173
Property tax on vacant buildings	-135	-165
Total charges and taxes on unlet properties	-339	-338

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 2017, the cost for vacant property was 0.51% of the rental income received, compared to 0.55% on 31 March 2016.

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) - Internal property management costs	31.03.17	31.03.16
Office charges	-143	-104
IT	-91	-63
Other	-52	-41
Housing costs	-35	-49
Fees to third parties	-126	-269
Public relations, communication and advertising	-21	-18
Personnel expenses	-1,466	-1,140
Salaries	-1,004	-730
Social security	-190	-162
Pensions and collective insurances	-50	-30
Other	-222	-218
Management fees received from tenants	24	8
Taxes and legal costs		
Depreciation charges on office furniture, IT equipment and software	-144	-113
Total property management costs	-1,912	-1,683

Personnel costs make up most of the management costs.

The table below provides an overview of the employee count in FTE.

(in FTE)	31.03.17	31.03.16
Property department	10.26	7.33
Total	19.60	17.10
Average	18.10	15.70

NOTE 9

Other property charges (in € 000)	31.03.17	31.03.16
Other property charges	56	-2
Total other property charges	56	-2

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 BE-REIT status. These costs are incurred in order to obtain transparent financial information, to be economically comparable with other types of investments and to offer investors the opportunity 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)	31.03.17	31.03.16
Office charges	-122	-134
IT	-86	-87
Other	-36	-47
Housing costs	-33	-56
Fees to third parties	-284	-398
Recurrent	-159	-149
- Lawyers		
- Auditors	-148	-141
- Other	-11	-8
Non-recurrent	-68	-166
- Lawyers	-3	-13
- Notary costs	-12	-4
- Consultants	-52	-149
Mergers and acquisitions (other than business combinations)	-57	-83
Public relations, communication and advertising	-49	-47
Personnel expenses	-904	-872
Salaries	-571	-470
Social security	-107	-146
Pensions and collective insurances	-37	-46
Other	-189	-210
Remuneration of board of directors	-334	-247
Taxes and legal costs	-1,215	-1,087
Total operating costs	-2,941	-2,841

NOTE 11

Result on disposals of investment properties (in € 000)	31.03.17	31.03.16
Book value of sold real estate properties	9,437	11,459
Net sales price of investment properties (sales price - transaction costs)	9,716	11,800
Total benefit or loss on disposals of investment properties	279	341

In the past financial year, properties were divested for a net sale price of EUR 9.72 million. A net capital gain of EUR 0.28 million was realised on these disposals. Overall, sale revenue represents a sale value that is in line with the investment value of the real estate expert and thus exceeds the fair value determined by the expert. For more information, we refer you to chapter 3 of this report, Management Report.

NOTE 12

Changes in fair value of investment properties (in € 000)	31.03.17	31.03.16
Positive change in investment properties	14,400	22,216
Negative change in investment properties	-646	-12,000
Total changes in fair value of investment properties	13,754	10,216

The positive change in the fair value of investment properties amounts to EUR 13.75 million and is mainly explained by indexations, increases in yield at top locations, and the impact of rental renewals at retail parks.

NOTE 13

Financial result (in € 000)	31.03.17	31.03.16
Collected interests and dividends	1	32
Other	60	112
Total financial result	61	144

NOTE 14

Net interest charges (in € 000)	31.03.17	31.03.16
Nominal interest on loans ¹	-18,322	-17,152
Other interest costs ²	48	300
Total net interest charges	-18,274	-16,852

¹ Also includes the interests on Interest Rate Swaps (financial instruments).

² Capitalised interest costs on project developments. The interest rate used is 3.70%.

The weighted average interest rate amounts to 3.42% on 31 March 2017 and 3.64% on 31 March 2016 (after application of the IRS). The company has concluded almost all of its loans as fixed-rate investment loans or as long-term variable-rate loans, for which a fixed interest rate was negotiated via a swap agreement. The evolution of the ratio of interest charges on loans versus rental income received, amounts to 27.75% on 31 March 2017 compared to 27.81% the year before. We refer to note 35 for the complete swaps overview.

NOTE 15

Other financial charges (in € 000)	31.03.17	31.03.16
Bank costs and other commissions	18	-70
Total other financial charges	18	-70

NOTE 16

Corporate income tax (in € 000)	31.03.17	31.03.16
Company	-42	33
1. Corporate income tax	-42	33
Tax rate of 33.99%	-42	-3
Previous year tax adjustment		36
2. Result taxable at exit tax		
Subsidiaries	-231	-822
1. Corporate income tax	260	-240
Current year taxes	260	-547
Previous year tax adjustment		306
2. Exit tax	-491	-582
Total corporate income tax	-273	-789

A BE-REIT is subject to corporate income 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 BE-REIT.

NOTE 17

Number of shares	31.03.17	31.03.16
Movements of the number of shares		
Number of shares at the beginning of the financial year	8,866,320	7,559,473
Number of shares at the end of the financial year	9,008,208	8,866,320
Number of dividend bearing shares	9,008,208	8,866,320
Weighted average number of shares for diluted earnings per share	8,907,915	8,627,562

**CAPITAL INCREASE BY BOARD OF DIRECTORS
(IN THE FRAMEWORK OF THE AUTHORISED CAPITAL):**

CAPITAL INCREASE BY CONTRIBUTION IN KIND

On 14 December 2016, the board of directors made two capital increases in the framework of the authorised capital by two contributions in kind.

First, 187 shares of RWI Invest nv (then Databuild Retail nv), with a contribution value of EUR 7.52 million, were contributed as part of a first capital increase.

This contribution was compensated by the issue of 115,735 shares of Retail Estates nv. The new shares were issued at the issue price of EUR 65 and will share in the profit for the financial year commencing on 1 April 2016. As a result of this contribution, Retail Estates nv acquired the balance of the shares of Databuild Retail nv which it did not yet own. The most important asset of this company is a minority interest in the institutional BE-REIT Retail Warehousing Invest nv, for which Retail Estates nv now directly or indirectly controls all shares.

Then, a retail outlet in Westerlo was contributed. The contribution was compensated by the issue of 26,153 new shares of Retail Estates nv. The new shares were issued at the issue price of EUR 65 and will share in the profit for the financial year commencing on 1 April 2016.

For more information, we refer you to chapter 3 of this report, Management Report, on pages 38 through 44.

As a result of these capital increases, 141,888 shares were issued, bringing the total number of issued shares as of 31 March 2017 to 9,008,208.

NOTE 18

Calculation of distributable earnings (in € 000) - statutory	31.03.17	31.03.16
Net result	44,096	35,904
+ Depreciations	257	218
+ Impairments	426	264
- Reversal of impairments	-145	-126
+/- Other non-monetary components		
+/- Result on the disposal of investment properties	-279	-282
+/- Changes in fair value of investment properties and project developments	-10,258	-9,189
+/- Changes in the fair value of financial assets and liabilities	869	5,006
ADJUSTED RESULT	34,966	31,795
Net reduction debt		
Distributable result	34,966	31,795

The adjusted result is not subject to any further change in respect of potential non-exempt capital gains regarding the sale of investment properties. 80% of the net adjusted result, less the net reduction during the financial year of the indebtedness, must be paid out, as calculated in accordance with Article 13 of the BE-REIT R.D.

NOTE 19

Calculation of pay-out ratio (in € 000) - statutory	31.03.17	31.03.16
Ordinary net earnings	44,096	35,904
Diluted net earnings	44,096	35,904
Distributable earnings	34,966	31,795
Minimum profit distribution	27,973	25,436
Proposed gross dividend	29,727	28,372
Pay-out ratio	85.02%	89.23%

Calculation of pay-out ratio (in € 000) - consolidated	31.03.17	31.03.16
Ordinary net earnings	52,136	42,035
Diluted net earnings	52,136	42,035
Distributable earnings	39,381	36,793
Minimum profit distribution	31,505	29,434
Proposed gross dividend	29,727	28,372
Pay-out ratio	75.49%	77.11%

NOTE 20

Investment and amortisation table (in € 000)	Intangible non-current assets		Other tangible non-current assets	
	31.03.17	31.03.16	31.03.17	31.03.16
Acquisition value				
Balance at the end of the previous financial year	768	655	2,232	971
Acquisitions	289	113	760	1,348
Transfers and disposals of assets			-67	-87
Transfers to/from other accounts				
At the end of the financial year	1,057	768	2,925	2,232
Amortisation and impairment losses				
Balance at the end of the previous financial year	621	535	678	614
Balance of acquired companies		11		0
Amortisation ³	89	75	168	143
Transfers and disposals of assets		0	-54	-79
Transfers to/from other accounts				
At the end of the financial year	710	621	792	678
Net book value	346	147	2,134	1,554

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	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Balance at the end of the previous financial year	1,000,799	837,121	8,222	4,819	1,009,021	841,940
"Acquisition through purchase or contribution real estate companies"	54,029	142,929		697	54,029	143,626
Capitalised interest cost	48	300		0	48	300
Acquisition and contribution of investment properties	8,785	19,918	2	2,677	8,787	22,595
Disposal through sale of real estate companies		0			0	
Disposal of investment properties	-5,374	-3,970	-3,806	-7,489	-9,180	-11,459
Transfers to assets held for sale	-1,261	-7,499	1,261	7,499	0	0
Other transfers	14,334	11,999	12	19	14,346	12,018
Change in fair value (+/-)	1,071,360	1,000,799	5,691	8,222	1,077,051	1,009,022
At the end of the financial year						
OTHER INFORMATIONS						
Investment value of the property	1,097,917	1,025,536	5,837	8,427	1,103,754	1,033,963

Project developments (in € 000)	31.03.17	31.03.16
Balance at the end of the previous financial year	11,328	34,171
Increase during the financial year	17,115	1,264
Reception during the financial year	-9,618	-24,107
At the end of the financial year	18,825	11,328

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): 2%;
- 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 BE-REITs were asked to determine a weighted average percentage of the effective taxes for the real estate portfolios of the BE-REITs. For transactions of properties with a value of over EUR 2.50 million and in view of the range of methods 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. 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. It was decided to revise this percentage if necessary, per tranche of 0.5%. During 2016, an update of this calculation was made according to the methodology used in 2006 based on a sample of 305 large or institutional transactions (threshold EUR 2.5 million) that occurred between 2013 and the 1st quarter of 2016 (this is 70% or 8.18 billion of the estimated total number of investment transactions during this period). Experts concluded that the 0.5% threshold was not exceeded. Consequently, the weighted average of 2.5% was retained. This percentage will be reassessed every 5 years or in the context of a change in the tax context.

Retail Estates nv considers its real estate portfolio as a whole, which can be disposed of as a whole or as a limited number of larger parts. In compliance with the valuation at

“fair value” by its real estate valuation surveyors Cushman & Wakefield, CBRE and Stadim, the value of this real estate was reduced by 2.50%, which reflects the expected transaction costs for the disposal of this real estate according to the valuation surveyors. For a detailed description of the valuation rules used by the real estate valuation surveyors Cushman & Wakefield, CBRE and Stadim, we refer to the real estate experts' reports on pages 118 and 119.

During financial year 2016-2017 control was acquired over 4 real estate companies for a total amount of EUR 29.80 million. The acquisition of the companies was paid in cash or reimbursed by issue of shares. This resulted in an increase of EUR 55.45 million in investment properties, a change in working capital of EUR -5.45 million and an increase in financial and other liabilities of EUR 20.20 million. Disposals during the past financial year resulted in a decrease of EUR 9.18 million in

investment properties and non-current assets held for sale.

During financial year 2015-2016 control was acquired over 7 real estate companies for a total amount of EUR 77.04 million. The acquisition of the companies was paid in cash. This resulted in an increase of EUR 142.93 million in investment properties, a change in working capital of EUR -5.17 million and an increase in financial liabilities of EUR 60.72 million. Disposals resulted in a decrease of EUR 11.46 million in investment properties and non-current assets held for sale.

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 13 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 BE-REIT'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 BE-REIT'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 96 through 117.

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 10.53 million. The effect of an increase of the yield of 100 bps leads to a decrease of the portfolio's fair value of EUR 138 million. The effect of a decrease of the yield of 100 bps leads to an increase of the portfolio's fair value of EUR 188 million.

NOTE 22

Non-current assets or groups of assets held for sale (in € 000)	31.03.17	31.03.16
Assets held for sale	5,691	8,222
Total assets held for sale	5,691	8,222

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 2017 these assets comprise 3 retail properties (fair value EUR 2.52 million), and a house (EUR 0.70 million), and plots of land in Westende with a fair value of EUR 2.47 million. No agreement was yet signed for these plots of land in Westende, 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)	31.03.17	31.03.16
Trade receivables	2,000	2,140
Invoices to be issued	142	195
Doubtful debtors	-1,431	-1,192
Income to be collected	4	
Coupon real estate certificats		
Distri-Land	223	220
Other		10
Total trade receivables	938	1,373

The outstanding trade receivables amount to EUR 0.57 million. EUR 0.15 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 45% of the outstanding amount on 31 March 2017, equal to a risk of EUR 0.19 million (after deducting doubtful debtors).

For more details about the Distri-Land coupon, we refer to the section 'Real estate certificates' in the valuation rules (pages 139 and 140 of this annual report).

Impairment on doubtful debtors - roll forward (in € 000)	31.03.17	31.03.16
At the end of the previous financial year	-1,192	-731
From acquired companies		-368
Provisions	-407	-281
Recoveries	128	136
Write-offs	41	52
At the end of the financial year	-1,430	-1,192

The accrual 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.

	31.03.17	31.03.16
Due < 30 days	164	88
Due 30-90 days	166	6
Due > 90 days	-30	129
Not due	116	471

NOTE 24

Tax receivables and other current assets (in € 000)	31.03.17	31.03.16
Taxes		
VAT receivable		90
Withholding tax receivable	852	
Property tax receivable	1,867	1,367
Salary and social security		
Other	441	9
Total tax receivables and other current assets	3,160	1,466

NOTE 25

Cash and cash equivalents (in € 000)	31.03.17	31.03.16
Bank balances	978	1,315
Total cash and cash equivalents	978	1,315

NOTE 26

Deferred charges and accrued income (in € 000)	31.03.17	31.03.16
Completed, property returns not due	39	95
Rental discounts and rental benefits to be appropriated		
Property costs paid in advance	631	219
Interest and other financial costs paid in advance	345	336
Other	166	79
Total deferred charges and accrued income	1,181	729

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

NOTE 27

Shareholders' equity

Capital

Capital evolution		Capital movement	Total remaining capital after the transaction	Number of shares created	Total number of shares
Date	Transaction	(in € 000)	(in € 000)		
12/07/1988	Incorporation	-	74	3,000	3,000
27/03/1998	IPO and 1 st 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
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

Capital evolution		Capital movement	Total remaining capital after the transaction	Number of shares created	Total number of shares
Date	Transaction	(in € 000)	(in € 000)		
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
28/05/2015	Capital increase in cash	28,345	198,436	1,259,740	8,819,213
29/01/2016	Contribution in kind	1,060	199,496	47,107	8,866,320
14/12/2016	Contribution in kind	2,604	202,100	115,735	8,982,055
14/12/2016	Contribution in kind	588	202,688	26,153	9,008,208

As at 31 March 2017, the registered capital amounts to EUR 202,688,189.49 and is represented by 9,008,208 shares. There are no preferred shares. Each of these shares grants 1 voting right at the shareholders' meeting, and these shares represent the denominator for the notification in the context of the transparency declarations. On 5 April 2017 a capital increase took place, bringing total capital to EUR 206,612,347.44, represented by 9,182,612 shares.

The capital is fully paid up.

We refer to Article 6 of the articles of association of Retail Estates nv, on page 192 of this report.

NOTE 28

Issue premium evolution (in € 000)		
Date	Transaction	Issue premiums
Previous financial year		151,499
14/12/16	Contribution in kind	4,919
14/12/16	Contribution in kind	1,111
Total issue premiums 31/03/2017		157,529

NOTE 29

Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (in € 000)	31.03.17	31.03.16
Balance at the end of the previous financial year	-24,942	-20,861
Change during the financial year	-1,761	-4,081
Total impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-26,703	-24,942

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, CBRE and Stadim, the value of the properties was reduced by 2.50% subject to the valuation surveyors' expected transaction charges at the disposal of the properties. 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

Other non-current financial liabilities (in € 000)	31.03.17	31.03.16
Authorised hedging instruments (also refer to note 35)	19,153	28,155
Other	6,743	
Total other non-current financial liabilities	25,896	28,155

The increase of EUR 6.74 million 'Other' refers to minority shareholders related to recognition of the debt for the further acquisition of the shares in Heerzele nv and Blovan nv not yet owned by Retail Estates nv (see also note 41).

NOTE 31

Trade debts and other current debts (in € 000)	31.03.17	31.03.16
Exit tax	4,327	13,219
Other	7,649	7,852
Trade debts	360	807
Invoices to be received	6,212	6,172
Taxes payable	752	594
Other current debts	326	279
Total trade debts and other current debts	11,976	21,071

The 'Exit tax' refers to the taxes payable on the deferred capital gains of acquired real estate companies that will have to be paid at the time of merger of those companies with the public BE-REIT Retail Estates nv. The table below gives an overview of the evolution of the owed exit tax relative to the previous financial year.

Exit tax (in € 000)	31.03.17
Balance at the end of the previous financial year	13,219
Increase during the financial year	6,249
Advance payments	-15,100
Assessments	-41
At the end of the financial year	4,327

NOTE 32

Other current liabilities (in € 000)	31.03.17	31.03.16
Dividends payable	33	34
Other	11,471	15,599
Total other current liabilities	11,504	15,633

The decrease of EUR 4.13 million 'Other current liabilities' is explained by the acquisition of the remaining shares of Retail Warehousing Invest nv (decrease of debt by EUR 15.56 million) and by the claim for the balance of the price paid (on 05/04/17) for the shares of the company Hainaut Retail Invest nv (increase of debt by EUR 11.40 million) (see also note 41).

NOTE 33

Accrued charges and deferred income (in € 000)	31.03.17	31.03.16
Property returns received in advance	2,707	2,642
Completed, not due interests and other financial costs	3,138	3,015
Other	909	307
Total accrued charges and deferred income	6,754	5,963

The deferred revenues mainly concern rents paid in advance.

NOTE 34

Breakdown by due date of credit lines (in € 000)	31.03.17	31.03.16
Non-current		
Bilateral loans - variable or fixed rate	400,510	398,225
Financial lease	0	10
Bond loan	84,820	29,788
Subtotal	485,330	428,023
Current		
Bilateral loans - variable or fixed rate	30,909	42,597
Financial lease	0	4
Subtotal	30,909	42,601
Total	516,239	470,624

Breakdown by maturity of non-current financial debts (in € 000)	31.03.17	31.03.16
Between one and two year(s)	3,929	100,378
Between two and five years	247,755	257,080
More than five years	233,646	70,555

Breakdown by the variable or fixed-rate nature of the loans (in € 000)	31.03.17	31.03.16
Variable rate loans	343,859	368,599
Fixed rate loans	172,380	102,007

Retail Estates nv has the following unused credit facilities (in € 000)	31.03.17	31.03.16
Expiring within one year	0	25,000
Expiring after one year	114,600	99,512

Estimate of the future interest burden	Total future interest burden	
	31.03.17	31.03.16
Within one year	15,117	16,969
Between one and five year(s)	41,808	48,217
More than five years	17,882	16,284
Total	74,807	81,470

Non-current and current financial debts

90.45% of the loans have a fixed interest rate or are hedged using an interest rate swap contract. The estimate of the future interest burden takes into account the debt position as of 31 March 2017 and interest covers according to the contracts currently in progress. For the unhedged part of the liabilities for a total of EUR 49.33 million, account was taken of expectations for the Euribor on the date of this report + banking margin.

The company has issued 3 bond loans:

- EUR 30 million, issued on 23 April 2014 with a maturity of 7 years, at an interest rate of 3.556%.
- EUR 30 million, issued on 29 April 2016 with a maturity of 10 years, of which EUR 4 million at a fixed interest rate of 2.84% and EUR 26 million at a floating rate (euribor 3 month + 2.25%)

- EUR 25 million, issued on 10 June 2016 with a maturity of 10 years, at an interest rate of 2.84%

Interest charges analysis – interest sensitivity

The degree to which Retail Estates nv can finance itself significantly impacts its profitability. Property investment generally entails a relatively high level of debt financing. To optimally limit this risk, Retail Estates nv applies a relative cautious and conservative strategy (see mentioned above). In this manner, a rise in the interest rate has no substantial impact on the total result. There is, however, an impact of interest rate increases or decreases on the market value of the concluded IRS contracts and thus on shareholders' equity and changes in the fair value of financial assets and liabilities. If interest rate were to rise by 1%, this would have a positive impact of EUR 14.71 million on shareholders' equity and changes in the fair value of financial assets and liabilities. If interest rate were to decrease by 1%, this would have a negative impact of EUR 17.72 million on shareholders' equity and changes in the fair value of financial assets and liabilities.

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

NOTE 35

Financial instruments on 31 March 2017

Summary of financial instruments as at closing date 31.03.17 (in € 000)	Categories	Book value	Fair value	Level
I. Non-current assets				
Finance lease receivables	C	1,030	1,030	2
Loans and receivables	A	518	518	2
II. Current assets				
Trade receivables and other receivables	A	4,098	4,098	2
Cash and cash equivalents	B	978	978	2
Total financial instruments on the assets side of the balance sheet		6,624	6,624	
I. Non-current liabilities				
Interest-bearing liabilities	A			2
Credit institutions	A	485,330	510,039	2
Other	A	0	0	2
Other non-current liabilities	A			2
Other financial liabilities	C	25,896	25,830	2
II. Current liabilities				
Interest-bearing liabilities	A	30,909	30,909	2
Current trade debts and other debts	A/C	23,480	23,480	2/3
Total financial instruments on the liabilities side of the balance sheet		565,615	590,258	

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 valued by means of an actualisation of their future cash flows, taken into account the Group's credit risk.

Financial instruments at amortised cost price

Since trade receivables and trade debts are short-term, the fair value approximates the nominal value of these financial assets and liabilities. On 31 March 2017, Retail Estates nv has 344.03 million EUR of debt at a variable interest rate, and EUR 172.78 million financial debts at a fixed interest rate. 90.45% of the loans have a fixed interest rate or are hedged using an interest rate swap contract. The fixed interest rates at which these long-term debts were originally concluded in most cases no longer correspond to prevailing money market rates, 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 2016-2017 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	31.03.17		31.03.16	
	Book value	Fair value	Book value	Fair value
Financial debts at fixed interest rate	172,380	197,089	102,007	120,021

Financial instruments at fair value

Fair value of financial assets and liabilities (in € 000)	31.03.17	31.03.16
Fair value of financial derivatives	-19,153	-28,155
Total fair value of financial assets and liabilities	-19,153	-28,155

The Group uses financial derivatives (interest rate swaps) to hedge interest rate risks arising from operational, financing and investment activities. Financial derivatives are initially booked at cost price and revalued to fair value on the subsequent reporting date. The derivatives currently used by Retail Estates nv qualify as cash flow hedges only to a limited degree. Changes in the fair value of derivatives that do not qualify as cash flow hedges are booked immediately to the profit and loss account. EUR -0.87 million was recorded in the income statement regarding financial instruments. EUR -8.33 million relates to the linear depreciation of the value on 31 December 2015 of the derivatives that do not longer qualify as cash flow hedges. EUR 7.46 million relates to the changes in fair value of the derivatives for the period 1 April 2016 to 31 March 2017. Swaps qualifying as cash flow hedges are directly recognised in the shareholders' equity and are not included in the income statement. The interest rate swaps are level 2 instruments.

Overview swaps:

Other non-current liabilities					
	Starting date	Ending date	Interest rate	Notional amount (in € 000)	Hedge accounting
1	06/2012	06/2017	3.22%	20,000	NO
2	07/2007	07/2017	4.77%	10,000	NO
3	06/2012	09/2017	3.03%	10,000	NO
4	09/2012	09/2017	3.35%	6,000	NO
5	03/2008	03/2018	4.08%	5,000	NO
6	04/2014	03/2018	1.91%	20,500	NO
7	11/2013	11/2018	3.69%	30,000	NO
8	09/2014	09/2019	2.69%	21,000	NO
9	02/2015	01/2020	1.48%	20,000	NO
10	01/2016	01/2021	1.82%	10,000	NO
11	10/2017	01/2022	1.70%	15,000	NO
12	06/2016	06/2023	1.04%	25,000	NO
13	06/2016	06/2023	1.03%	10,000	NO
14	03/2009	12/2023	3.89%	7,310	NO
15	06/2017	06/2024	1.29%	35,000	NO
16	07/2016	04/2026	1.26%	26,000	YES
17	06/2017	06/2023	1.36%	14,000	NO
18	06/2016	06/2021	1.03%	25,000	YES
19	06/2016	06/2019	1.44%	50,000	YES
20	06/2019	06/2024	1.49%	30,000	NO
21	03/2018	03/2026	1.10%	20,000	NO

NOTE 36

Additional comments on the debt ratio development

Calculation debt ratio (in € 000)	31.03.17	31.03.16
Liabilities	572,368	541,445
To be excluded:	25,907	34,118
I. Non-current liabilities	19,153	28,155
Provisions		0
Authorised hedging instruments	19,153	28,155
Deferred taxes		0
II. Current liabilities	6,754	5,963
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	6,754	5,963
Total debt	546,461	507,327
Net reduction debt		
Total assets	1,087,338	1,015,615
DEBT RATIO	50.26%	49.95%

Principle

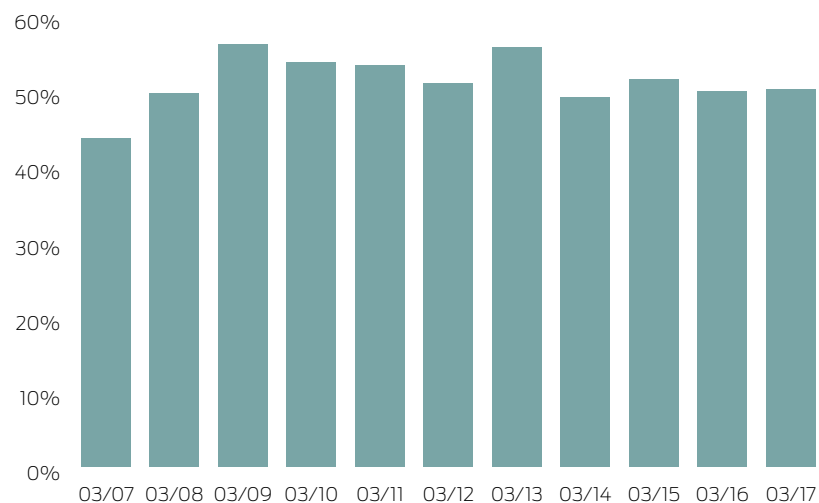
Article 24 of the Belgian Royal Decree relating to Belgian real estate investment trusts (BE-REITs) requires public Belgian REITs to draw up a budget forecast with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The budget forecast describes the measures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

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

The general guidelines of the budget forecast are included in the annual and semi-annual financial reports. The annual and semi-annual financial reports will describe and justify how the budget forecast has been implemented during the period under review and how the public BE-REIT will implement the forecast in the future.

Notes 2016-2017

Historical evolution of the debt ratio



Historically, the debt ratio of Retail Estates fluctuates between 50-55%. In the course of its history, the debt ratio of Retail Estates NV has never exceeded 60%.

Long-term evolution of the debt ratio

The board of directors considers a debt ratio of +/- 55% ideal for the shareholders of the public Belgian real estate investment trust in terms of 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 50.26%, Retail Estates nv has an investment potential of EUR 264.85 million without exceeding a debt ratio of 60% (the company has a covenant with a number of banks which provides that the debt ratio may not exceed 60%).

Short-term evolution of the debt ratio

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

The projection of the debt ratio as at 30 June 2017 takes into account the following assumptions:

- **disposals in the first quarter 2017-2018**

No disposals are planned.

- **results of the first quarter 2017-2018**

The results of the third quarter as indicated in the budget for 2017-2018, approved by the board of directors.

- **planned investments in the first quarter 2017-2018**

No investments are planned in the first quarter of the financial year 2017-2018.

Considering the aforementioned assumptions, the debt ratio as at 30 June 2017 would amount to 49.31%.

A projection is also made of the debt ratio as at 31 March 2018 (end of the financial year). This projection takes into account the following assumptions:

- **disposals in the financial year 2017-2018**

No disposals are planned.

- **results of the financial year 2017-2018**

The results of the financial year as indicated in the budget for 2017-2018, approved by the board of directors.

- **planned investments in the financial year 2017-2018**

Investments amounting to EUR 3 million are planned, all of which in the fourth quarter of the financial year 2017-2018.

Considering the additional planned investments and the earnings expectations for the full year, the debt ratio at 31 March 2018 would amount to 49.29%.

The projection of the debt ratio only takes into account acquisitions and disposals in respect of which a private agreement has been signed (without conditions precedent), 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 246.63 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 2.02% in order to exceed the debt ratio) or a reduction in rents (if the yields remain unchanged, the rents would have to drop by EUR 16.28 million). Historically, the fair value of the real estate portfolio has always risen or was at least stable since the company was set up. There are currently no indications in the market to assume an increase in the yield.

If substantial value drops do take place that raise the debt ratio above 65%, Retail Estates NV can begin to sell some of its properties. Retail Estates NV has a solid track record of selling properties at their estimated investment value. In financial year 2013–2014, 4 retail properties and 2 apartments in shell condition were sold for a net sale price of EUR 5.07 million. In financial year 2014–2015, 9 retail properties were sold for a net sale price of EUR 8.08 million, and the company Belgium Retail 1 Luxembourg SÀRL was sold for EUR 8.22 million. In financial year 2015–2016, 11 retail properties, 2 apartments, office space, parking and 9 plots of the Westende site were sold at a net sale price of EUR 11.80 million. During the past financial year, disposals were recorded for a net sale price of EUR 9.72 million. For more information, we refer to chapter 3 of this report, Management Report. On average, these properties were sold at their estimated investment value.

Conclusion

Retail Estates nv is of the opinion that, based on

- the historical evolution of the public BE-REIT,
- the track record regarding sales,

no additional measures need to be taken to prevent the debt ratio exceeding 65%. It is the intention of the public BE-REIT to maintain or to re-establish 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.

NOTE 37

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)	31.03.17	31.03.16
Directors	824	501
Total	824	501

Directors and executive officers do not receive any other benefits from the company. These amounts are all short-term benefits. We refer to the remuneration report on page 49.

NOTE 38

Auditor's fee (VAT excl.)	31.03.17	31.03.16
Remuneration of the auditor for the audit assignment	99	92
Remuneration for exceptional duties or special assignments		
- Other audit assignments	17	5
- Tax consultancy assignments	4	9
- Other assignments outside the audit assignment		

In compliance with Article 133/1, §6, of the Belgian 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 39**Acquired real estate companies and investment properties**

Per 31.03.2017

The acquisitions and completion of own developments during financial year 2016-2017 resulted in an increase in real estate of EUR 72.48 million. Total rental income increased by EUR 1.99 million in the financial year 2016-2017 as a result of these investments. If the acquisitions would have taken place on 1 April 2016, rental income would have increased by EUR 4.37 million. The operating result increased by EUR 1.74 million as a result of these investments.

As of 31.03.2016

The acquisitions and completion of own developments during financial year 2015-2016 resulted in an increase in real estate of EUR 166.52 million. Total rental income increased by EUR 6.90 million in the financial year 2015-2016

as a result of these investments. If the acquisitions would have taken place on 1 April 2015, rental income would have increased by EUR 11.65 million. The operating result increased by EUR 10.13 million as a result of these investments.

Sold real estate companies and investment properties

As of 31.03.2017

Disposals were made during the 2016-2017 financial year for a net sale price of EUR 9.72 million, which resulted in a decrease in investment properties of EUR 5.37 million. Rental income declined by EUR 0.05 million as a result of these disposals. If the disposals would have taken place on 1 April 2016, rental income would have decreased by EUR 0.14 million

As of 31.03.2016

Disposals were made during the 2015-2016 financial year for a net sale price of EUR 11.80 million, which resulted in a decrease in investment properties of EUR 11.46 million. Rental income declined by EUR 0.22 million as a result of these disposals. If the disposals would have taken place on 1 April 2015, rental income would have decreased by EUR 0.79 million.

NOTE 40**Events after the balance sheet date****Appointment of new directors and change of shareholders' meeting date**

On 4 April 2017, the extraordinary shareholders' meeting of Retail Estates nv approved the appointment of Mr. Vic Ragoen and Ms. Ann Gaeremynck until the 2021 annual shareholders' meeting. On 22 May 2017, the extraordinary shareholders' meeting approved moving the shareholders' meeting to the penultimate Monday of July, and the extraordinary shareholders' meeting decided to increase the number of colleagues that may represent a director at the board of directors meeting from two to three, and consequently to replace the sixth paragraph of Article 12 of the articles of association with the following text:

"Each director may authorise another member of the board by letter, by fax, by electronic mail or in another written manner to represent him at a specific meeting. A director may represent a maximum of three colleagues."

Increase in capital and issue of new shares

On 5 April 2017, 174,404 new shares were issued by contribution of the

remaining debt claim relating to the purchase of the shares of the real estate company Hainaut Retail Invest, which has 25 retail properties spread throughout the Province of Hainaut. Following this issue, the registered capital of Retail Estates was increased to EUR 206,612,347.44, represented by 9,182,612 shares. The new shares will share in the company's profit from 1 April 2017.

NOTE 41

List of consolidated companies and changes in the circle of consolidation

As at 31 March 2017, the following subsidiaries are part of the consolidation perimeter of Retail Estates nv:

Subsidiary	External financial debts ⁴ (in € 000)	Investment properties ⁴ (in € 000)	Rental income ⁵ (in € 000)	Participation percentage
Retail Warehousing Invest nv	4.250	90.966	3.533	72,87% by Retail Estates nv, 5,98% by Finsbury Properties nv 21,15% by RWI Invest nv
Finsbury Properties nv	0	6.036	0	100%
RWI Invest nv	0	0	0	100%
Heerzele nv	0	0	74	51%
Hainaut Retail Invest nv	0	36.764	806	100%
Blovan nv	194	4.624	74	50%
Foncière de la Station Vervietoise bvba	0	1.345	0	50% by Finsbury Properties nv, 50% by Retail Warehousing Invest nv

⁴ Value at closing date of the consolidated figures (31.03.2017).

⁵ For the period the companies are part of the Group in the current financial year.

During the past financial year, control was obtained over Blovan nv, Foncière de la Station Vervietoise bvba, Hainaut Retail Invest nv, Heerzele nv and RWI Invest nv. The board of directors of Retail Estates nv acknowledged the mergers by acquisition of subsidiaries PanEuropean Retail Properties nv, Vlaamse Leasing Maatschappij nv, Fimitobel nv, Texas Management nv and TBK bvba during the past financial year. The board of directors of Retail Warehousing Invest nv (Institutional BE-REIT) acknowledged the mergers by acquisition of PanEuropean Property Investments nv and Localiège nv.

For more information, we refer you to chapter 3 of this report, Management Report, on pages 38 through 44.

None of these acquisitions were considered a business combination under IFRS 3.

Minority interests – Heerzele nv

On 30 August 2016, Retail Estates nv acquired controlling interest (51%) of real estate company Heerzele nv, which is owner of property in Wetteren on which, after obtaining the necessary permits, it wishes to expand its retail park in Wetteren.

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

Minority interests – Retail Warehousing Invest nv

On 29 May 2012, controlling interest was acquired of Retail Warehousing Invest

nv through the acquisition of 62.50% of the shares. On 5 October 2016, an agreement was concluded with a view to the acquisition of the remaining minority interest. This was done through the acquisition of all shares of RWI Invest nv (then called Databuild Retail nv), the holder of this minority stake.

Retail Warehousing Invest owns 30 retail properties throughout Belgium. RWI Invest nv has no assets other than 375 shares of Retail Warehousing Invest nv, representing 37.50% of the share capital of that company.

Since the acquisition of this majority interest, Retail Estates nv has systematically recognised its obligation to purchase this minority interest as a debt in the consolidated accounts. The amount of this debt was adjusted to the quarterly price review clauses contained in the agreement of 29 May 2012.

The result of Retail Warehousing Invest nv has always been fully consolidated. Consequently, this transaction has only a limited impact on the consolidated results.

The transaction consists of two parts. The first part concerns the transfer and payment by 5 October 2016 of approximately half of the shares for an amount of EUR 7.68 million. The second part consisted of the issue of 115,735 new shares in the context of a capital increase by contribution in kind with a contribution value of EUR 7.52 million (see chapter 3 of this report, Management Report).

Minority interests – Blovan nv

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

The company intends to acquire all shares in the case of a possible exit by its partner. Due to the combination of the cooperation agreement and the put options (which Retail Estates nv intends to exercise) relating to the minority interest, Retail Estates nv has controlling interest of Blovan nv and is applying the full consolidation method.

Minority interests – accounting treatment

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 6.74 million.

NOTE 42

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 or 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 BE-REIT R.D.

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

The result for the subsidiaries held for 100% by Retail Estates nv was incorporated into the company's annual accounts as follows:

- The operational distributable result of the subsidiaries was allocated to the various categories of the company's result;
- The change in the fair value of the real estate of the subsidiaries was assigned to the result on portfolio.

As such, the operating result of the subsidiaries for the full financial year can be used for distribution as dividend.

(in € 000)	31.03.17	31.03.16
Non-distributable elements of the shareholders' equity before distribution of results	410,964	400,426
Paid-up capital	197,635	194,545
Non-available issue premiums pursuant to the articles of association	157,529	151,499
Reserve for the positive balance of the variations of the fair value of real estate	96,955	96,955
Reserve for the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-22,999	-19,887
Reserve for the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	-4,032	-5,556
Reserve for the balance of the changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-14,253	-17,573
Other reserves	129	443
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.	6,625	1,621
Result on portfolio	10,446	9,189
Revaluation participations	-2,952	-2,562
Changes in fair value of financial assets and liabilities	-869	-5006
Total shareholders' equity, statutory, non-distributable	417,589	402,047
Shareholders' equity, statutory	510,623	474,409
Planned dividend distribution	29,727	28,372
Shareholders' equity, statutory, after distribution of dividends	480,896	446,037
Remaining reserve after distribution	63,307	43,990

7. STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

In accordance with legal requirements, we report to you on the performance of our mandate of statutory Auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 March 2017 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated balance sheet as at 31 March 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the Consolidated Financial Statements of Retail Estates NV (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 March 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to ‘000’ EUR 1.087.338 and the consolidated income statement shows a profit for the year of ‘000’ EUR 52.136.

BOARD OF DIRECTORS’ RESPONSIBILITY 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 International Financial Reporting

Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with 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 which 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 (ISA) as endorsed in Belgium. 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 his assessment of the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory 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 board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

UNQUALIFIED OPINION

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements, prepared in accordance with article 119 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 19 May 2017

The Statutory Auditor
**PwC Reviseurs d'Entreprises scrl/
 Bedrijfsrevisoren bcvba**

Represented by
 Damien Walgrave
 Revisieur d'Entreprises / Bedrijfsrevisor

8. A. STATUTORY INCOME STATEMENT

INCOME STATEMENT (in € 000)	31.03.17	31.03.16
Rental income	59,144	50,322
Rental related expenses	-758	-500
Net rental income	58,385	49,822
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	5,705	4,758
Rental charges and taxes normally payable by tenants on let properties	-6,099	-5,005
Other rental related income and expenses	-108	-41
Property result	57,883	49,534
Technical costs	-2,023	-1,799
Commercial costs	-491	-339
Charges and taxes on unlet properties	-310	-294
Property management costs	-1,367	-525
Other property costs	54	-2
Property costs	-4,137	-2,959
Operating property result	53,745	46,575
Operating corporate costs	-2,542	-2,489
Other current operating income and expenses		
Operating result before result on portfolio	51,203	44,086
Result on disposals of investment properties	279	282
Result on sales of other non-financial assets		
Changes in fair value of investment properties	10,446	9,189
Other result on portfolio		

INCOME STATEMENT (in € 000)	31.03.17	31.03.16
Operating result	61,927	53,556
Financial income	1,113	3,595
Net interest charges	-18,148	-16,244
Authorised hedging instruments' costs	-869	-5,006
Other financial charges	114	-30
Financial result	-17,790	-17,685
Result before taxes	44,138	35,871
Taxes	-42	33
Net result	44,096	35,904
Note:		
EPRAs earnings	33,948	28,841
Result on portfolio	10,725	9,471
Revaluation participations	292	2,598
Changes in fair value of financial assets and liabilities	-869	-5,006

8. B. STATUTORY STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	31.03.17	31.03.16
Net result	44,096	35,904
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	-3,112	-1,862
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	9,850	1,193
OTHER COMPREHENSIVE INCOME	50,834	35,235

9. STATUTORY BALANCE SHEET

ASSETS (in € 000)	31.03.17	31.03.16
Non-current assets	1,037,040	957,102
Goodwill		
Intangible non-current assets	149	145
Investment properties	921,774	798,654
Other tangible non-current assets	2,133	1,554
Financial non-current assets	110,409	156,748
Finance lease receivables	1,030	0
Trade receivables and other non-current assets	1,545	2
Current assets	36,370	30,206
Non-current assets or groups of assets held for sale	5,691	7,525
Trade receivables	893	1,235
Tax receivables and other current assets	28,082	19,807
Cash and cash equivalents	470	1,009
Deferred charges and accrued income	1,234	631
TOTAL ASSETS	1,073,410	987,308

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.17	31.03.16
Shareholders' equity	510,623	474,409
Capital	197,635	194,545
Issue premiums	157,529	151,499
Reserves	111,363	92,461
Net result of the financial year	44,096	35,904
Liabilities	562,786	512,898
Non-current liabilities	507,021	451,908
Provisions		
Non-current financial debts	480,917	423,773
Credit institutions	396,497	393,975
Long term financial lease	0	10
Other	84,420	29,788
Other non-current liabilities	26,104	28,135
Deferred taxes		0
Current liabilities	55,765	60,990
Current financial debts	30,878	34,477
Credit institutions	30,878	34,473
Short term financial lease	0	4
Trade debts and other current debts	7,023	5,775
Other current liabilities	11,496	15,632
Accrued charges and deferred income	6,368	5,106
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,073,410	987,308

10. 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	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2015	166,902	101,839	80,441	33,807	382,990
- Net appropriation of profits 2015-2016					
- Transfer of portfolio result to reserves			8,272	-8,272	0
- Transfer of EPRA earnings to reserves			2,101	-2,101	0
- Reclassification between reserves					0
- Dividends of the financial year 2014-2015				-23,434	-23,434
- Capital increase	28,344	47,870			76,214
- Capital increase through contribution in kind	1,060	1,790			2,850
- Increase in shareholders' equity as a result of mergers			2,608		2,608
- Costs of capital increase	-1,762				-1,762
- Other			-291		-291
- Other comprehensive income 31/03/2016			-669	35,903	35,235
Balance according to IFRS on 31 March 2016	194,545	151,499	92,461	35,903	474,409
- Net appropriation of profits 2016-2017					
- Transfer of portfolio result to reserves			3,531	-3,531	0
- Transfer of EPRA earnings to reserves			4,000	-4,000	0
- Reclassification between reserves					0
- Dividends of the financial year 2015-2016				-28,372	-28,372
- Capital increase					0
- Capital increase through contribution in kind	3,193	6,030			9,223
- Increase in shareholders' equity as a result of mergers			4,630		4,630
- Costs of capital increase	-102				-102
- Other					0
- Other comprehensive income 31/03/2017			6,738	44,096	50,834
Balance according to IFRS on 31 March 2017	197,636	157,529	111,359	44,096	510,623

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the effective part of the fair value of authorised hedging instruments are not subjected to qualify for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2015	356	89,185	11,726	-18,025	-24,322		21,522	80,441
- Net appropriation of profits 2015-2016								
- Transfer of portfolio result to reserves		8,272						8,272
- Transfer of EPRA earnings to reserves							2,101	2,101
- Reclassification between reserves		-499	208	291	21,058	-21,058		0
- Capital increase through contribution in kind								0
- Increase in shareholders' equity as a result of mergers	87	-3					2,524	2,608
- Costs of capital increase								0
- Other				-291				-291
- Other comprehensive income 31/03/2016				-1,862	-2,292	3,485		-669
Balance according to IFRS on 31 March 2016	443	96,955	11,934	-19,887	-5,556	-17,573	26,147	92,461
- Net appropriation of profits 2016-2017								
- Transfer of portfolio result to reserves		8,537				-5,006		3,531
- Transfer of EPRA earnings to reserves							4,000	4,000
- Reclassification between reserves	-941	-103	1,044					0
- Capital increase through contribution in kind								0
- Increase in shareholders' equity as a result of mergers	627	-8,434					12,437	4,630
- Costs of capital increase								0
- Other								0
- Other comprehensive income 31/03/2017				-3,112	1,524	8,326		6,738
Balance according to IFRS on 31 March 2017	129	96,955	12,978	-22,999	-4,032	-14,253	42,584	111,359

11. STATUTORY APPROPRIATION OF RESULT

Statutory appropriation of result (in € 000)	31.03.17	31.03.16
Net result	44,096	35,904
Allocation to / transfer from reserves		
- Allocation to / transfer from the reserves for the balance of changes in fair value of investment properties Financial year	-10,446	-9,189
- 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	869	5,006
- Allocation to / transfer from other reserves ⁷	2,952	-2,598
- Increase in shareholders' equity as a result of mergers	12,437	2,524
Remuneration of capital	29,727	28,372
Remuneration of capital - other		
Result to be carried forward	20,181	3,275

⁷ This includes the revaluation of the subsidiaries' participation, at fair value.





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PERMANENT DOCUMENT

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01

GENERAL INFORMATION

IDENTIFICATION

NAME

Retail Estates nv - Public Belgian Real Estate Investment Trust organised and existing under the laws of Belgium.

REGISTERED OFFICE

Industrielaan 6, B-1740 Ternat, Belgium. Pursuant to Article 2 of the articles of association, the registered office of the company may be relocated to any place in Belgium following a decision by the board of directors, without the need to amend the articles of association.

ENTERPRISE NUMBER

The company is registered with the register of legal persons under enterprise number 0434.797.847.

LEGAL FORM, INCORPORATION, PUBLICATION

The limited liability company

(“naamloze vennootschap”) “Retail Estates – Vastgoedbevak naar Belgisch recht” (currently “Openbare GVV naar Belgisch recht” – “Public BE-REIT organised and existing under the laws of Belgium”) was incorporated pursuant to a deed enacted by notary public Urbain Drieskens at Houthalen on 12 July 1988 and subsequently published in the Annexes to the Belgian State Gazette on 29 July thereafter under number 880729-313.

The articles of association were most recently amended by means of minutes drawn up on 5 April 2017, by Tim Carnewal, associated notary public in Brussels, and published in the Annexes to the Belgian State Gazette of 20 April thereafter, under number 17058302.

The company has made a public appeal on savings in accordance with Article 439 of the Belgian Companies Code.

DURATION

The company was incorporated for an indefinite period of time.

SOCIAL PURPOSE

We refer to Article 3 of the articles of association, as mentioned on page 190 of this annual report.

FINANCIAL YEAR

The financial year of the company starts on 1 April and ends on 31 March of each year. The first financial year as a real estate investment company (currently “Belgian Real Estate Investment Trust”) ran from 1 April 1998 to 31 March 1999.

INSPECTION OF DOCUMENTS

The non-consolidated and consolidated annual accounts, articles of association, annual reports and other information disclosed publicly to shareholders can be obtained free of charge at the registered office of the company. The non-consolidated and consolidated annual accounts and the supplementary reports

shall be lodged with the National Bank of Belgium. The articles of association may be obtained from the Clerk’s Office of the Brussels Commercial Court or on the website www.retailstates.com.

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

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

The annual reports of the company shall be sent to holders of registered shares, other holders of securities who have fulfilled the formalities prescribed by the

Belgian Companies Code and to any person who requests them. They can also be obtained at the registered office of the company.

LEGAL REGIME

REGULATED REAL ESTATE COMPANY

The BE-REIT system was established by the Belgian Royal Decree of 13 July 2014 and the Belgian Act of 12 May 2014.

The concept of a Belgian Real Estate Investment Trust is based on Real Estate Investment Trusts (USA – “REITs”).

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

- the legal status must be that of a limited liability company

(“naamloze vennootschap”) or a partnership limited by shares (“commanditaire vennootschap op aandelen”), with a minimum capital of EUR 1,200,000;

- indebtedness must be limited to 65%;
- the portfolio must be stated at fair value (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. no more than 20% of the assets may be invested in one and the same real estate complex;
- virtually complete exemption from corporation tax;
- an advance levy (currently 27%) must be deducted from the payable dividend. This is by way of discharge of obligations, insofar as it concerns individuals

who acquired the shares as part of the management of their private property;

- there must be a stock exchange listing;
- the activity must be confined to real estate investments; additionally, the BE-REIT may place assets in securities;
- possibility to request that branches of the BE-REIT be given the status of an institutional BE-REIT.

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





2

ARTICLES OF ASSOCIATION

CORPORATE FORM - NAME - REGISTERED OFFICE - CORPORATE PURPOSE - DURATION

ARTICLE 1: LEGAL FORM AND NAME

The company has the form of a limited liability company (“naamloze vennootschap”) under Belgian law with the name “Retail Estates”. This name shall be immediately followed by the words “Belgian Real Estate Investment Trust organised and existing under the laws of Belgium” or “Public BE-REIT organised and existing under the laws of Belgium” (“Société immobilière réglementée publique de droit belge” or “SIR publique de droit belge” / “Openbare gereguleerde vastgoedvennootschap naar Belgisch recht” or “Openbare GVV naar Belgisch recht”) and all documents issued by the company shall mention this.

The company solicits its financial resources in Belgium or abroad by means of a public offering of shares, and therefore makes a public appeal on savings within the meaning of Article 438(1) of the Belgian 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 real estate investment trusts organised and existing under the laws of Belgium, hereafter called “public BE-REIT”.

The company is subject to the Belgian real estate investment trusts’ legislation, applicable at all times, and particularly to the provisions of the Belgian Act of 12 May 2014 on Belgian real estate investment trusts (the “BE-REIT Act”) and the Belgian Royal Decree of 13 July 2014 on Belgian real estate investment trusts (the “BE-REIT R.D.”) (this act and its implementing decree are hereinafter referred to as the “BE-REIT legislation”).

ARTICLE 2: REGISTERED OFFICE

The registered office is located at 6 Industrielaan, B-1740 Ternat (Belgium).

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

The board of directors may also establish administrative offices, places of business and subsidiaries, both in Belgium and abroad.

ARTICLE 3: CORPORATE PURPOSE

The purpose of the company is limited to the following:

(a) to make real estate available to users, directly or through a company in which it holds shares, in accordance with the provisions of the BE-REIT Act and its implementing decrees and regulations; and

(b) to own real estate, within the limits of the BE-REIT legislation as specified in Article 2, 5°; i to x of the BE-REIT Act.

By real estate is understood:

- i. real estate as defined in Articles 517 et seq. of the Belgian Civil Code and rights in rem to real estate, to the exclusion of real estate related to forestry, agriculture and mining;
- ii. voting shares issued by real estate companies over which the company exercises joint or exclusive control;
- iii. option rights to real estate;
- iv. shares of public or institutional Belgian real estate investment trusts, provided joint or exclusive control is exercised over institutional BE-REITs;
- 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

Belgian 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 may act as a real estate developer, provided it only does so on an occasional basis. The company may grant mortgages or other forms of security as well as extend loans to, and serve as a guarantor for, a subsidiary,

within the limits of the BE-REIT legislation.

The company may, on a temporary or subsidiary basis, also invest in securities that are not real estate. Such investments shall be diversified to ensure an adequate allocation of risk. The company may hold non-committed liquid assets. The liquid assets can be held in all currencies, in the form of demand and term deposits, as well as all easily convertible money market instruments.

In addition, the company may engage in transactions involving hedging instruments, provided the latter are carried out for the sole purpose of hedging the interest rate and exchange risk, expressly excluding any speculative transactions.

The company and its subsidiaries may let one or more properties under finance leases. Such finance leases, with a purchase option, may only be granted on a subsidiary

basis, unless the properties in question are intended to be used in the public interest (in which case, this activity may 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 BE-REIT legislation and any other applicable legislation.

ARTICLE 4: PROHIBITIONS

The company may not act as a property developer in the sense of the BE-REIT 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: DURATION

The company has an unlimited duration.

CAPITAL - SHARES

ARTICLE 6: CAPITAL

6.1. Registered capital

The company's registered capital amounts to two hundred and six million six hundred and twelve thousand three hundred forty-seven euro and forty-four cents (EUR 206,612,347.44).

It is divided into nine million one hundred eighty-two thousand six hundred and twelve (9,182,612) shares, without par value, each

representing an equal share of the capital

The capital is paid up in full.

6.2. Authorised capital

The board of directors is authorised to increase the subscribed capital on one or more occasions, up to a maximum amount of one hundred and sixty-four million, thirty-seven thousand, eighty-seven euro, and seventy-four cents (EUR 164,037,087.74).

This authorisation is conferred on the board of directors for a period of five years, as from the publication in the Annexes to the Belgian State Gazette of the amendment to the articles of association, adopted by the extraordinary shareholders' meeting of 9 December 2013. This authorisation can be renewed. The board of directors shall determine the price, the issue premium, and the issue conditions for new shares, unless these decisions are taken by the shareholders' meeting.

Within the above limits, and without prejudice to mandatory provisions of the Belgian 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 shareholders' 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 Belgian 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 BE-REIT 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 BE-REIT legislation and Article 6.4 of these articles of association. Such contributions can include a right to a dividend in the context of an optional stock dividend distribution.

Without prejudice to the authorisation granted to the board of directors in accordance with the preceding paragraphs, the board of

directors is authorised to proceed 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 Belgian 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 shareholders' meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the BE-REIT legislation. Capital increases carried out by the board of directors pursuant to this authorisation will be deducted from the remaining authorised capital, mentioned in the first paragraph of this Article.

When 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 shareholders' meeting, deliberating in accordance with the conditions set forth in Article 612 of the Belgian 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 subject to the conditions provided for by law.

The board of directors is authorised, within the limits of Articles 620 et seq. of the Belgian 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 shareholders' meeting of 24 October 2014, and can be extended by the shareholders' meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary shareholders' meeting of 24 October 2014, to acquire, pledge and transfer the company's own shares on the company's behalf, at a unit price which may not be less than eighty-five percent (85%) of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge) and may not 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 may not, 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 Belgian 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 BE-REIT legislation.

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

1. it applies to all new 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 restriction or cancellation of the preferential subscription right, in addition to a contribution in kind, in the context of the distribution of an optional stock dividend, provided the grant thereof is effectively open to all shareholders.

Capital increases by means of contributions in kind are subject to the rules set forth in Articles 601 and 602 of the Belgian 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 BE-REIT legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Belgian Companies Code, and also, if applicable, in the notice of the shareholders' meeting called to vote on the capital increase;
2. the issue price may not be less than the lower value of the following: (a) a net value per share dated no more than four months before the date of the contribution agreement or, at the company's choosing, before the date of the document enacting the capital increase and (b) the average closing market (share) price over the thirty calendar days preceding this same date; In this 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 shareholders' 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 shareholders' 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 decrease

A capital decrease may only take place if similarly situated shareholders are treated equally and if the applicable provisions of the Belgian Companies Code are complied with.

6.6. Mergers, demergers and equivalent transactions

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

ARTICLE 7: NATURE OF THE SHARES

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

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



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

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

The board of directors may, 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 share register kept at the company's registered office. Title to shares may 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: EXERCISE OF THE RIGHTS ATTACHED TO THE SHARES

The shares are indivisible, and the company only recognises one owner per share. When several persons may claim rights to the same share, the exercise of the rights attached to this share shall be suspended until a single person is designated as the owner with regard to the company.

ARTICLE 9: OTHER SECURITIES

The company is authorised to issue the securities mentioned in Article 460 of the Belgian Companies Code, with the exception of: profit sharing instruments and analogous securities, provided that the specific rules stipulated by the BE-REIT 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 BE-REIT legislation.

Each 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 Belgian Companies Code, no-one is allowed more votes at a shareholders' 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 shareholders' meeting.

MANAGEMENT AND CONTROL

ARTICLE 11: CONSTITUTION 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 shareholders' meeting for a maximum term of six years, and eligible to be removed by the shareholders' 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 Belgian Companies Code.

For the exercise of their mandates,

the directors must have the necessary professional integrity and appropriate expertise as provided for in the BE-REIT legislation, and may not fall within the scope of the prohibitions laid down in the BE-REIT legislation.

In the event of a vacancy on the board of directors, the remaining directors shall have the right, acting as a board, to temporarily appoint another director to fill the vacancy until the next shareholders' 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 may appoint a chair from amongst its members.

The board of directors shall meet when convened 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 convening deadlines cannot be met, the time periods may be shortened. When this proves necessary, notice may be given by telephone, in addition to the above-mentioned means.

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

Any director may, by letter, fax, email or any other written means, give a proxy to another member of the board to represent him or her at a given meeting. No member of the board may represent more than

three other directors.

Each director that attends or is represented at a meeting is deemed to have been validly notified thereof. A director may also, before or after a board meeting which he or she did not attend, waive his or her right to claim a defect or irregularity with respect to the fulfilment of the 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 may validly be held by videoconference or conference call. In this case, the meeting will be considered to have been held at the company's registered office if at least one director was physically present at this location.

The directors may use the information they acquire in their

capacity as directors only in the scope of their official duties.

ARTICLE 13: DELIBERATIONS

Except in the case of force majeure, the board of directors may validly deliberate and take decisions only if at least half its members are present or represented. If this condition is not met, a new meeting may be called, which may validly deliberate and take decisions on the items on the agenda of the previous meeting if at least two directors are present or represented.

Barring exceptional cases, the meeting may, in principle, only deliberate and vote on the items that are on the agenda.

Pursuant to Article 521 of the Belgian Companies Code, in exceptional cases duly justified by their urgency and the corporate interest, the board of directors may take decisions unanimously in writing. However, it may not use this procedure to adopt 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 chair 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 chair of the board of directors, two directors, or a director entrusted with the daily management. This authority may be delegated to a representative.

ARTICLE 14: PREVENTION OF CONFLICTS OF INTEREST

The directors, the person(s) in charge of the daily management, and the company's attorneys-in-fact may not act as a counterparty in a transaction with the company or one of its subsidiaries, or derive any benefit from such a transaction, except when the transaction is proposed in the interest of the company, and the transaction is situated within the normal course of the company's strategy, and is conducted in ordinary market conditions.

In this case, the company must first

inform the Financial Services and Markets Authority (FSMA).

The transactions mentioned in the first paragraph, as well as the information contained in the aforementioned notice, shall be immediately made public and explained in the annual report and, if applicable, the 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 BE-REIT legislation.

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

ARTICLE 15: POWERS OF THE BOARD OF DIRECTORS

The board of directors is vested with the powers to perform all acts necessary or useful for the realisation of the company's corporate purpose, except those

which are reserved by law, or these articles, to be executed by the shareholders' meeting.

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

The board may determine the remuneration of any attorney-in-fact on whom it confers special powers, in accordance with the BE-REIT legislation.

ARTICLE 16: REMUNERATION OF THE DIRECTORS

The directors shall be reimbursed for normal, legitimate expenses and costs incurred in the performance of their duties, provided that these costs were previously discussed with and accepted by the chair of the board of directors.

Moreover, in accordance with the BE-REIT legislation, no remuneration may be granted to directors based on a specific transaction of the company or its subsidiaries.

ARTICLE 17: EFFECTIVE MANAGEMENT, DAILY MANAGEMENT, AND DELEGATION OF POWERS

The effective management of the company must be assigned to a minimum of two persons.

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 BE-REIT legislation, and may not fall within the scope of the prohibitions laid down in the BE-REIT legislation.

The board of directors may delegate the daily management of the company to one or more persons, on the understanding that the daily management shall be

organised in such a way that the board of directors has at least two directors who may jointly ensure the daily management or supervise the performance thereof.

The board and the persons entrusted with the daily management, within the limits of their powers, may delegate to a representative, who need not be a director, all or some of their powers pertaining to extraordinary or specific questions within the context of a given assignment.

The board of directors may 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 (“DIRECTIECOMITÉ”)

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 Belgian

Companies Code, the board of directors may delegate all or some of its management powers to a management committee (“directiecomité”), composed of several members, who need not be directors, although this delegation of powers may not concern the company’s general policy, 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 Belgian 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 Belgian 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 public, 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 attorneys-in-fact acting within the scope of their mandate.

The company may be represented abroad by any person expressly authorised to do so by the board of directors.



ARTICLE 20: AUDIT

The company shall appoint one or more statutory auditors to perform the duties incumbent on them pursuant to the Belgian Companies Code and the BE-REIT legislation.

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

SHAREHOLDERS' MEETINGS

ARTICLE 21: MEETINGS

The annual shareholders' meeting shall be held each year, on the penultimate Monday of July, at 10:00 a.m. If this day is a public holiday, the annual shareholders' meeting will be held on the next working day, at the same time.

An extraordinary or special shareholders' meeting may be convened any time the interests of the company so require.

These shareholders' meetings may be convened by the board of directors or by the statutory

auditor(s) and must be called each time that the shareholders collectively representing one-fifth of the registered capital so request.

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

One or more shareholders collectively possessing at least 3% of the registered capital may, in accordance with the provisions of the Belgian Companies Code and its limits, request the inclusion of items on the agenda of any shareholders' 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 shareholders' meeting. The directors shall answer the questions put to them by shareholders during the shareholders' meeting, or those

which have been submitted in writing, about their report or other agenda items, provided that the provision of the information or facts in question could not harm the company's professional interests or undermine their duty of confidentiality to the company. As soon as the notice of the shareholders' meeting is published, the shareholders may submit questions in writing, which will be answered during the meeting, provided that they were submitted to the company no later than the sixth day prior thereto.

The statutory auditor(s) shall answer the questions asked by the shareholders about his/her/their audit report.

ARTICLE 22: NOTICE

Pursuant to Article 533 of the Belgian Companies Code, a shareholders' meeting must be convened by means of a notice published in the Belgian State Gazette, a national newspaper (except in those cases expressly

mentioned in the Belgian Companies Code) and in the media in accordance with the requirements of the Belgian Companies Code, at least 30 days before the meeting. If a new meeting must be convened, and if the date of the second meeting is mentioned in the first notice, the notice for the second meeting must be published at 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 statutory auditors within the above-mentioned period before the meeting; the notice may be sent by regular mail, unless the recipients have individually and expressly agreed in writing to receive the notice by another means of communication. No proof need be provided of the fulfilment of this formality.

The notice shall contain the agenda for the meeting, with 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 Belgian 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 Belgian Companies Code.

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

ARTICLE 23: PARTICIPATION IN THE SHAREHOLDERS' MEETING

The right to participate in and vote at a shareholders' meeting

is subject to the recording of the shares in the shareholder's name on the fourteenth day preceding the shareholders' meeting, at twenty-four hours (Belgian time) (hereinafter the "record date"), in either the register of the company's registered shares or in the books held by an authorised account holder or settlement institution, without regard to the number of shares actually held by the shareholder on the date of the shareholders' meeting.

The holders of dematerialised shares that wish to take part in a shareholders' meeting must produce a certificate issued by their authorised account holder or settlement institution, certifying, as the case may be, the number of dematerialised shares listed in the shareholder's name on the record date, with which the shareholder has declared his or her intention to participate in the shareholders' meeting.

The certificate must be submitted

to the company's registered office or to an institution identified in the notice of the meeting, no later than six days before the date of the meeting.

The holders of registered shares that wish to participate in a shareholders' 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 may be represented at a shareholders' meeting by a proxy holder, who need not be a shareholder.

A shareholder may only appoint

one proxy holder for a given shareholders' meeting, without prejudice to the derogations provided for in the Belgian 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 shareholders' meeting.

Co-owners, usufructuaries and bare owners, creditors holding a

pledge and debtors-pledgees must be represented, respectively, by one and the same person.

ARTICLE 25: VOTE BY MAIL

If the board of directors so authorises in the notice of the meeting, shareholders may vote on the items 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 shareholders' meeting; (3) the type of shares held; (4) the agenda for the meeting, including proposals for resolutions; (5) the deadline by which the form must reach the company; and (6) the shareholder's signature. The form shall expressly state that it must be signed by the shareholder and sent

to the company by registered letter no later than six days before the date of the meeting.

ARTICLE 26: BUREAU

Every shareholders' meeting shall be presided over by the chair 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 tellers (returning officers), further to a proposal of the chair.

The minutes of shareholders' meetings are signed by the chair of the meeting, the secretary, the tellers, the directors, and the statutory 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 EXERCISE OF VOTING RIGHTS

Each share carries one vote.

The holders of bonds and warrants may attend the shareholders' meeting, but are not entitled to vote.

ARTICLE 28: DELIBERATIONS AND VOTING

The shareholders' meeting may validly deliberate and vote, without regard to the percentage of registered capital present or represented, except in those cases where the Belgian Companies Code requires a quorum.

The shareholders' meeting may not deliberate on items that do not appear on the agenda, unless all shareholders are physically present or represented at the meeting and unanimously decide to extend the agenda.

Unless provided otherwise by law or by provisions of the articles of association, any decision may be adopted by the shareholders' 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 statutory auditor(s) are adopted by a majority of votes.

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

- an amendment to the articles,
- an increase or decrease of the registered capital,
- the issuance of shares below the accounting par value,
- the issuance of convertible bonds or warrants,
- the dissolution of the company,

at least half the shares representing the capital must be represented

at the meeting. If this condition is not met, a new meeting must be convened, which will validly deliberate, regardless of the number of shares represented.

Decisions on the above-mentioned subjects must be approved by a majority of three quarters of the votes cast, without prejudice to other rules of attendance and majority provided for by the Belgian Companies Code, including those in relation to the modification of the corporate purposes, 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 registered capital, and the conversion of the company into a different corporate form.

Voting shall take place by a show of hands or roll call, unless the shareholders' meeting decides otherwise by a simple majority of votes cast.

ARTICLE 29: MINUTES

The minutes of shareholders' meetings are signed by the members of the bureau 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 chair, the secretary, and the tellers or, in their absence, by two directors.

FINANCIAL YEAR - ANNUAL REPORT - DIVIDENDS

ARTICLE 30: FINANCIAL YEAR AND THE ANNUAL REPORT

The financial year starts on the first of April and closes on the thirty-first of March of each year.

At the end of each financial year, the board of directors shall draw up an inventory, as well as the annual accounts. The board of directors shall also draft a report, in which it explains its management of the company. The statutory auditor shall draft a detailed written report, in preparation for the annual



shareholders' meeting. These documents shall be prepared in accordance with the applicable statutory provisions.

ARTICLE 31: DISTRIBUTION OF DIVIDENDS

On an annual basis, the company must distribute a dividend to its shareholders, within the permissible limits of the Belgian Companies Code and the BE-REIT legislation, the amount of which is prescribed by the BE-REIT legislation.

The board of directors may, within the limits of the applicable provisions of the Belgian 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 shareholders' meeting decides to distribute shall be paid at the time and place determined by the shareholders' meeting or the board of directors.

Any dividends or interim dividends distributed in violation of the law must be reimbursed by the shareholders who received them, if the company can prove that the shareholders in question 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 statutory and consolidated annual and semi-annual accounts, and the statutory 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 BE-REIT 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 shareholders' meeting. The liquidator(s) may only take office after a confirmation of his/her/its/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 ("college"). To this end, they shall have the broadest powers in accordance with the applicable provisions of the Belgian Companies Code, without prejudice to any limits imposed by

the shareholders' meeting.

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

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

The liquidation of the company shall be closed in accordance with the provisions of the Belgian 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 registered capital that has not yet been reimbursed.

Any remaining balance shall be divided equally amongst the shares.

GENERAL PROVISIONS

ARTICLE 36: ELECTION 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 writs of summons may be validly sent.

The holders of registered shares must notify the company of any change of address; in the absence thereof, all communications, notices and writs of summons will be validly sent to their last known address.

ARTICLE 37: APPLICABLE LAW

Any provision of these articles of association that is contrary to the mandatory provisions of the Belgian Companies Code and to the BE-REIT legislation shall be deemed null and void; the invalidity of any one of these articles or any part thereof shall have no effect on the remaining articles.



MISCELLANEOUS

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01

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 statutory auditor and the real estate experts.

The board of directors, on the constitution of which can be found on pages 66 through 69, 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 statutory 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, Retail Warehousing Invest nv, RWI Invest nv, Heerzele nv, Hainaut Retail Invest nv, Blovand nv and Foncière de la Station Vervietoise bvba 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.retailstates.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.

02

GLOSSARY - GENERAL

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.

BE-REIT LEGISLATION

The Belgian Royal Decree of 13 July 2014 implementing the Belgian Act of 12 May 2014 on Belgian real estate investment trusts (BE-REITs).

BEL MID-INDEX

Since 1 March 2005, this has been a weighted price index of shares quoted on Euronext that makes allowance for the stock-market capitalisation, with the weightings determined by the free

float percentage and the velocity of circulation of the shares in the basket.

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 2017, 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 Belgian Act of 2 August 2002.

DEBT RATIO

The debt ratio is calculated as follows: liabilities (excluding provisions, accrued charges and deferred income, hedging instruments and deferred taxes) divided by the total assets (excluding hedging instruments).

DIVIDEND YIELD

The ratio of the most recently paid gross dividend to the final share price of the financial year over which the dividend is payable.

ESTIMATED INVESTMENT VALUE

This is the value of the real estate portfolio, including costs, registration charges, fees and VAT, as estimated each quarter by an independent expert.

ESTIMATED LIQUIDATION VALUE

This is the value excluding costs, registration charges, fees and recoverable VAT, based on a scenario whereby the buildings are sold on a building-by-building basis.

EXIT TAX

The exit tax is a special corporate income tax rate applied to the difference between the fair value of the registered capital of companies and the book value of its capital at the time that a company is recognised as a Belgian real estate investment trust, or merges with a Belgian real estate investment trust.

FAIR VALUE

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

FREE FLOAT

This is the percentage of shares held by the public. Euronext calculates the free float as the total number of shares in the capital, minus the shares held by companies that form part of the same group, state enterprises, founders, shareholders with a shareholder agreement, and shareholders with a controlling majority.

GROSS DIVIDEND

The gross dividend per share is the operating profit distributed.

IFRS-STANDARDS

The International Financial Reporting Standards are a set of accounting principles and valuation rules prepared by the International Accounting Standards Board. The aim is to simplify international comparison between European listed companies.

Listed companies are required to prepare their consolidated accounts according to these

standards starting from the first financial year beginning after 1 January 2005.

INSTITUTIONAL INVESTOR

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

“INTEREST RATE SWAP” (IRS)

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

MARKET CAPITALISATION

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

NET CASH FLOW

Operating cash flow, EPRA earnings (share of the group) plus the additions to depreciation, impairments on trade receivables, and additions to, and withdrawals from, provisions, plus the achieved higher or lower value relative to the investment value at the end of the previous financial year, minus the exit tax.

NET DIVIDEND

The net dividend is equal to the gross dividend after retention of 30% withholding tax.

OCCUPANCY RATE

The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for leasing, expressed in m².

OLO

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.

OUT-OF-TOWN RETAIL STORES

Retail premises grouped along roads leading into and out of cities and towns. Each out-of-town retail store has its own car park and an entrance and exit road connecting to the public highway.

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 that would be required to pay back the purchase price.

REAL ESTATE CERTIFICATE

A real estate certificate is a security that entitles the holder to a proportionate part of the income obtained from a building. The holder also shares in the proceeds if the building is sold.

RETAIL CLUSTER

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

VELOCITY OF CIRCULATION

Sum of the shares traded monthly, relative to the total number of shares over the past 12 months.

O3

GLOSSARY - ALTERNATIVE PERFORMANCE MEASURES

3.1 TERMINOLOGY

OPERATING MARGIN

Definition:

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

Purpose:

Allows measuring the operational performance of the company.

FINANCIAL RESULT (EXCLUDING CHANGES IN FAIR VALUE OF AUTHORIZED HEDGING INSTRUMENTS)

Definition:

The 'Financial result' minus the 'Changes in fair value of authorized hedging instruments'.

Purpose:

Allows to measure realised and unrealised financial result.

RESULT ON THE PORTFOLIO

Definition:

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

- 'Result on disposals of investment properties';
- 'Result on sales of other non-financial assets';
- 'Changes in fair value of investment properties';
- 'Other result on portfolio'.

Purpose:

Allows to measure realised and unrealised gains and losses related to the portfolio, compared to the last valuation by independent real estate experts.

WEIGHTED AVERAGE INTEREST RATE

Definition:

The interest charges (including the credit margin and the cost of the hedging instruments) divided by the weighted average financial debt of the current period.

Purpose:

To measure the average interest rate of the debt.

NET ASSET VALUE PER SHARE (INVESTMENT VALUE) EXCL. DIVIDEND EXCL. THE FAIR VALUE OF AUTHORIZED HEDGING INSTRUMENTS

Definition:

Shareholders' equity (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, excluding the fair value of authorized hedging instruments and excluding dividend) divided by the number of shares.

Purpose:

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

3.2 RECONCILIATION TABLES

OPERATING MARGIN

(in € 000)	31.03.17	31.03.16
Operating result before result on portfolio (A)	57,584	54,041
Net rental income (B)	66,024	61,680
Operating margin (A/B)	87.22%	87.62%

FINANCIAL RESULT

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

(in € 000)	31.03.17	31.03.16
Financial result (A)	-19,064	-21,774
Changes in fair value of financial assets and liabilities (B)	-869	-4,995
Financial result (excluding changes in fair value of financial assets and liabilities) (A-B)	-18,195	-16,779

RESULT ON PORTFOLIO

(in € 000)	31.03.17	31.03.16
Result on disposals of investment properties (A)	279	341
Result on sales of other non-financial assets (B)	0	0
Changes in fair value of investment properties (C)	13,754	10,216
Other result on portfolio (D)	-144	0
Result on portfolio (A+B+C+D)	13,889	10,557

WEIGHTED AVERAGE INTEREST RATE

(in € 000)	31.03.17	31.03.16
Interest charges (including the credit margin and the cost of the hedging instruments) (A)	17,404	16,268
Weighted average financial debt of the period (B)	501,328	439,081
Weighted average interest rate (A/B)	3.42%	3.64%

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

(in € 000)	31.03.17	31.03.16
Shareholders' equity attributable to the shareholders of the parent company (A)	514,970	474,170
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)	-26,703	-24,942
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	-19,153	-28,155
Proposed gross dividend (D)	29,727	28,372
Number of ordinary shares in circulation (E)	9,008,208	8,866,320
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-C-D)/E)	58.96	56.27



Information sheet

Name:	Retail Estates nv
Status:	Public Belgian Real Estate Investment Trust ("Belgian REIT") organised and existing under the laws of Belgium
Address:	Industrielaan 6, 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 Belgian real estate investment trust (BE-REIT) granted:	24 October 2014
Duration:	Unlimited
Management:	Internal
Statutory auditor:	PwC Bedrijfsrevisoren bcvba - Woluwegarden-Woluwedal 18 at B-1932 Brussels, represented by Mr. Damien Walgrave
Financial year closing:	31 March
Capital at 05.04.2017:	206,612,347.44 EUR
Number of shares at 05.04.2017:	9,182,612
Annual shareholders' meeting:	Penultimate Monday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio as of 31.03.2017:	Investment value EUR 1,097.92 million – fair value EUR 1,071.36 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
Real estate experts:	Cushman & Wakefield, CBRE and Stadim
Number of properties as of 31.03.2017:	668
Type of properties:	Out-of-town retail real estate
Liquidity provider:	KBC Securities and De Groef Petercam

RETAIL ESTATES



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