

IN RETAIL WE TRUST

ANNUAL REPORT
2014

RETAIL ESTATES

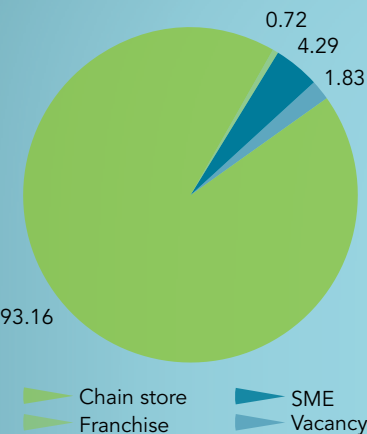


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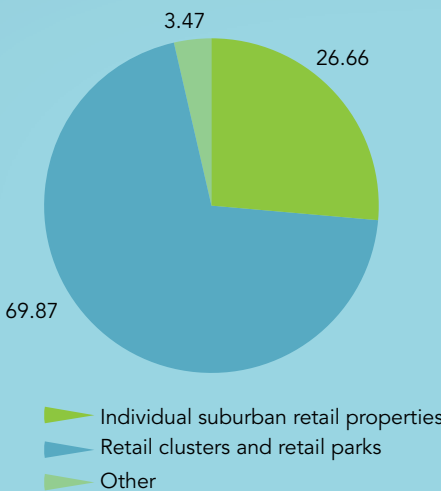
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KEY EVENTS

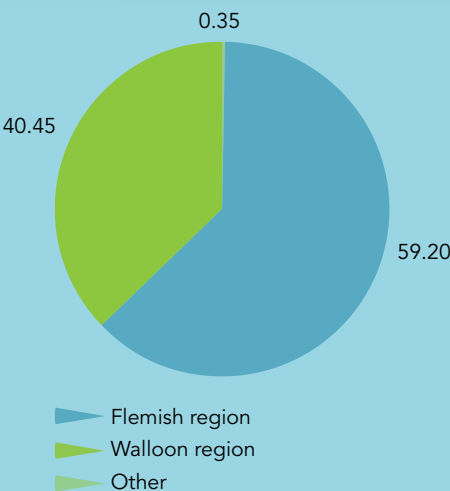
TENANTS: CHAIN STORES VERSUS OTHERS



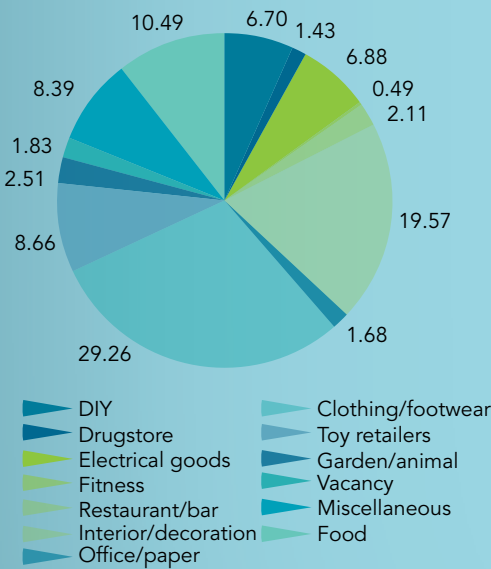
TYPE OF BUILDING



GEOGRAPHICAL SPREAD



COMMERCIAL ACTIVITIES OF TENANTS

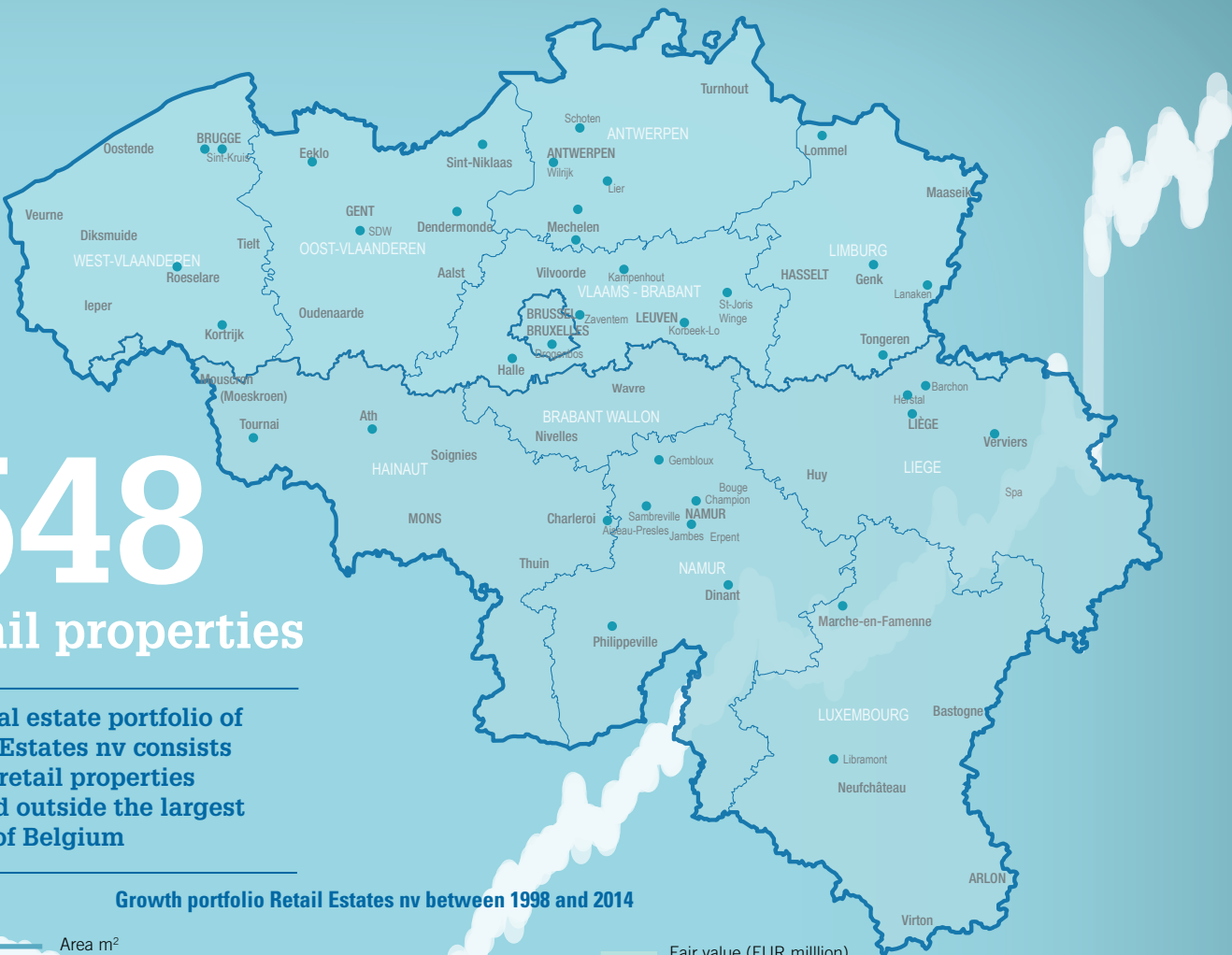


+98.17%
stable occupancy rate

570,870 m²
retail area

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

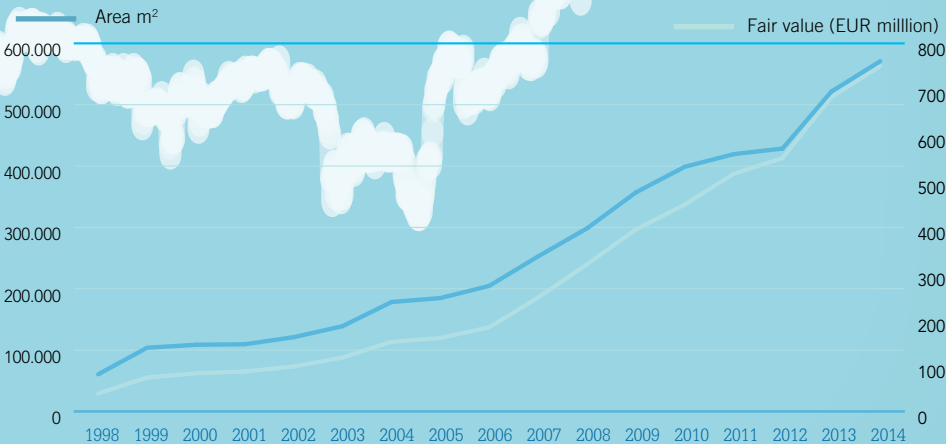
Geographical spread clusters



548
retail properties

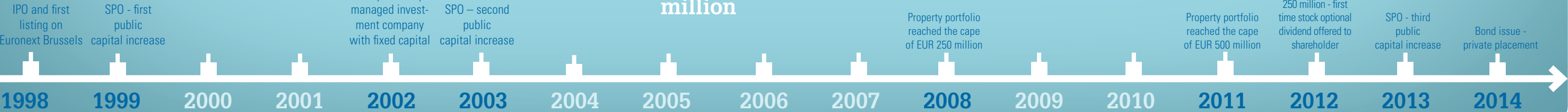
The real estate portfolio of Retail Estates nv consists of 548 retail properties located outside the largest cities of Belgium

Growth portfolio Retail Estates nv between 1998 and 2014



Since 1998, Retail Estates nv has been investing in out-of-town retail properties, alongside roads. Over a period of 16 years, it has established a significant portfolio which, on 31 March 2014, consisted of 548 retail properties, covering a total built-up retail area of 570,870 m². Their fair value totals EUR 750 million. The investment value of the real estate portfolio amounts to EUR 769 million.

fair value EUR
750
million



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

REAL ESTATE PORTFOLIO	31/03/14	31/03/13	31/03/12
Total retail premises	548	499	451
Total lettable area in m ²	570,870	521,452	428,548
Estimated fair value in EUR (incl. non-current assets held for sale)	750,301,000	683,081,000	550,631,000
Estimated investment value in EUR (incl. non-current assets held for sale)	768,688,000	698,845,000	564,777,000
Average rent prices per m ²	90.78	87.16	86.85
Occupancy rate	98.17%	98.13%	98.19%

BALANCE SHEET INFORMATION			
Shareholders' equity	356,524,000	269,588,000	241,336,000
Debt ratio R.D. 21 June 2006 (max. 65%)	49.10%	55.75%	51.08%

RESULTS			
Net rental income	47,024,000	41,402,000	35,473,000
Property result	46,761,000	40,959,000	35,203,000
Property charges	-3,044,000	-2,549,000	-2,165,000
General costs and other operating costs and income	-2,400,000	-2,263,000	-2,194,000
Operating result before result on the portfolio	41,316,000	36,147,000	30,844,000
Result on the portfolio	3,496,000	8,902,000	9,346,000
Operating result	44,812,000	45,029,000	40,191,000
Financial result	-15,787,000	-14,771,000	-12,977,000
Net result	28,568,000	29,582,000	27,360,000
Net current result (excl. result on the portfolio)	25,072,000	20,700,000	18,014,000

INFORMATION PER SHARE			
Number of shares	7,290,411	5,813,122	5,437,074
Number of shares entitled to dividend	7,290,411	5,813,122	5,395,408
Net asset value (fair value)	48.90	46.38	44.39
Net asset value (fair value) excl. dividend	45.90	43.48	41.59
Net asset value (investment value)	51.42	49.09	46.99
Gross dividend per share	3.00	2.90	2.80
Net dividend per share	2.25	2.175	2.212
Gross dividend yield on closing price	5.36%	5.27%	6.03%
Net dividend yield on closing price	4.02%	3.95%	4.77%
Closing price on closing date	58.92	57.98	49.21
Average share price	56.35	52.12	49.29
Evolution of share price during the financial year	1.58%	17.13%	0.33%
Over-/undervaluation compared to net asset value (fair value) excl. dividend	28.36%	33.35%	18.32%

MARKET LEADERSHIP

RISK MANAGEMENT

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

Risk management



1. MARKET VALUE OF THE REAL ESTATE

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

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

2. DEVELOPMENTS IN THE RENTAL MARKET

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

the profitability of the tenants. In such cases, even the customary three to six month bank guarantee is insufficient to cushion all risks. The legislation on commercial lease agreements and the law on the continuity of companies provide tenants with extensive, long-term protection. In case of disputes, this legislation is often interpreted flexibly by judges, in favour of the tenant. In addition, tenants, contrary to the lessor, are legally entitled to terminate the lease agreement unilaterally, every three years.

3. STRUCTURAL STATE OF THE BUILDINGS

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

4. FINANCIAL RISKS

DURATION OF THE LOANS

Financing is concluded on a long-term basis in the form of "bullet loans", i.e. loans whose capital must be repaid in a single instalment after a period of four to seven years. During the duration of the loan, the 'sicafi' (i.e. real estate investment trust) only pays the interest. As of 31 March 2014 the average term of its credit agreements is 3.8 years (the bond placement after 31 March 2014 for an amount of EUR 30 million already taken into account).

USE OF FINANCIAL INSTRUMENTS

Changing interest rates may expose the company to the risk of increased interest charges. The



company implements a conservative policy, which keeps the interest risk to a minimum.

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

In an interest rate swap, the variable interest rate is exchanged for a fixed interest rate. Under the interest rate policy conducted by the company, 98.26 % of the current loans, with a remaining term of 3.8 years (the bond placement after 31

98.17%
occupancy rate

March 2014 for an amount of EUR 30 million already taken into account), have been hedged with a fixed interest rate. In addition, a large part of the loans to be renewed are forward hedged. The average interest rate of the ‘sicafi’ is 4.50 %.

COUNTERPARTY RISK IN BANKING

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

COVENANT RISK IN BANKING

Due to its strong track record and based on a number of covenants, financial institutions grant loans to Retail Estates nv. Failure to fulfil the covenants may result in the premature cancellation of the loans. The loans carry conventional covenants that mainly pertain to the retention of the status of a real estate investment fund (‘sicafi’) and the related maximum permissible indebtedness. The company satisfies all the covenants laid down by the banks. In addition to this, under Article 54 of the R.D. of 7 December 2010, Retail Estates nv will draw up a budget forecast that will be executed if, at any time, the consolidated debt ratio, within the meaning of the R.D., exceeds 50 %. The forecast will describe the measures to be taken in order to prevent the consolidated debt ratio rising above 65 % of the consolidated assets. The evolution of the debt ratio will be evaluated on a regular basis, and there will be a preliminary analysis of how every proposed investment operation would affect the company’s debt ratio.

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

On 31 March 2014, the consolidated debt ratio of Retail Estates nv is 49.10 % (compared to 55.75 % on 31 March 2013), which is considerably lower than the maximum debt ratio of 65 % allowed by law under the R.D. of 7 December 2010.



5. TECHNICAL RISKS RELATING TO PERMITS

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

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



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

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

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

6. MODIFICATION
OF THE TRAFFIC INFRASTRUCTURE

By definition, out-of-town retail properties are mainly accessible by means of regional roads. For traffic safety reasons, these roads are regularly resurfaced or renewed in order to feature new roundabouts, bicycle lanes, tunnels, etc. Such re-construction work usually benefits the commercial value of retail premises, as the traffic flow is often slowed down and the surroundings of the retail

premises made safer. However, in exceptional cases, the possibility that the accessibility of some retail premises may consequently be limited cannot be excluded.

7. RISKS LINKED TO THE ACQUISITION OF REAL ESTATE BY SHARE TRANSACTIONS

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

8. SOIL POLLUTION

Previously, activities of a potentially polluting nature had taken place at a number of locations where the company owns retail premises. In principle, Retail Estates nv is not responsible

for this sort of pollution which is of a 'historical nature'. In general tenant activities only entail a limited risk of pollution. Moreover, this risk falls under the responsibility of the tenant. However, the procedures under the current legislation in the three regions are complex and time-consuming, potentially leading to investigation and research costs. Earth-moving regulations also represent an additional cost, if the soil on the polluted sites needs to be handled during construction works.

9. REGULATORY RISKS

RISK IN CONNECTION WITH REGULATORY DEVELOPMENTS

Changes in the regulation, inter alia with respect to tax law, environment, town planning, mobility policy and sustainable development and new provisions regarding letting real estate and the prolongation of required permits to be held by the



company may have an impact on its profitability and on the fair value of its assets.

A. Fiscal legislation

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

B. Financial legislation

Also, there may be an adverse effect of new European legislation and its transposition into Belgian law (together, "European Legislation"). European Legislation that may have a (negative) impact on the Group (if Group entities would fall within the scope of such legislation) relate inter alia to the Alternative Investment Fund Managers Directive ("AIFMD"). Taking into account the status of a public fixed-capital real estate investment fund, the company currently qualifies, under Belgian law, as an "undertaking for collective investment". Hence, there is a risk that the company may be considered as an "alternative investment fund" ("AIF") under the AIFMD. If the company is classified as an AIF under the AIFMD (as transposed into Belgian law), the activities, operating results, profit, financial situation and prospects would be

adversely impacted. The additional requirements of the AIFMD (should Retail Estates nv be qualified as an AIF pursuant to Belgian legislation implementing the AIFMD) would have a negative impact on the current operational model of the Group (inter alia by introducing the concept of the custodian) and its administrative and management expenses would increase.

If the company would be qualified as an AIF, it may also be adversely impacted by other applicable European Legislation (or by European legislation that may become applicable and/or become applicable in a stricter way) regarding AIF, amongst which the European Market Infrastructure Regulation on OTC derivatives, central counterparties and trade repositories ("EMIR"). By applying EMIR, the company would be exposed to margin calls on its hedging instruments. Other relevant European Legislation also encompasses "Basel III"



("Capital Requirements" Directive and Regulation proposal) and the "Financial Transaction Tax", which would have a far-reaching impact on the company if it is qualified as an AIF.

In parallel to the draft bill regarding the implementation of the AIFMD, the Chamber of Representatives and the Senate also approved, respectively on 22 and 24 April 2014, a law laying down rules for the status of "regulated real estate companies". This new law sets out a new legal framework offering real estate companies, which currently have a "fixed-capital real estate investment fund" status, the possibility to choose a legal form not entailing the application of the AIFMD legislation, to the extent that the company's actual economic activities comply with the characteristics and requirements set out in the law (as a result of which the companies in question cannot be considered to be alternative investment funds).



The regulated real estate companies remain subject to the prudential supervision of the FSMA and there are limitations with respect to inter alia, debt ratio, risk diversification and distribution obligations, which are based on the current system of fixed-capital real estate investment fund. In essence, the tax regime of the regulated real estate company is the same as the tax regime currently applicable to the relevant real estate companies with a “fixed-capital real estate investment fund” status.

This law will only enter into force at the time of publication of the accompanying Royal Decree. The board of directors will assess the characteristics and requirements of the status of a regulated real estate company (“gereguleerde vastgoedvennootschap”, hereinafter “GVV”) and check whether it is possible and expedient for the company (inter alia in view of its activities) to qualify for such a status. In this respect, the board of directors will also make a global assessment of, inter alia, the potential

operational and financial aspects resulting from a conversion to the AIF system or the GVV system, which may have an impact on the company, and will do this both from the standpoint of the current status and from the standpoint of a conversion to the relevant status, prior to submitting a potential conversion to the GVV status to the company’s shareholders for approval.

RISKS IN CONNECTION WITH THE PUBLIC FIXED-CAPITAL REAL ESTATE INVESTMENT FUND STATUS

As a fixed-capital real estate investment fund, Retail Estates nv is exposed to the risk of future changes in the legislation on fixed-capital real estate investment funds. In addition, there is also a risk that the fixed-capital real estate investment fund status may not be recognised anymore. In that case, Retail Estates nv will lose the privilege of the advantageous fixed-capital real estate investment fund tax regime. Moreover, the loss of such recognition is usually considered as

an event resulting in early repayment of Retail Estates nv’s loans.

RISKS IN CONNECTION WITH THE INSTITUTIONAL FIXED-CAPITAL REAL ESTATE INVESTMENT FUND STATUS

On the date of this annual report, Retail Estates nv controls one institutional real estate investment fund, i.e. Retail Warehousing Invest nv. Retail Warehousing Invest nv, just like Retail Estates nv, is subject, in its capacity of institutional real estate investment fund, to the provisions of the Law of 3 August 2012 and to the R.D. of 7 December 2010, that define limitations with regard to (among others) the activities, the processing of results, conflicts of interest, and corporate governance. Meeting these specific requirements on a permanent basis shall also depend on the ability of Retail Warehousing Invest nv to manage its assets successfully, and to respect strict internal auditing procedures.

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

INCREASING SHAREHOLDER VALUE

LETTER TO THE SHAREHOLDERS

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

Letter to the shareholders



In the course of the financial year 2013-2014, Retail Estates consolidated its further growth. On 28 June 2013, EUR 72 million additional registered capital was collected through a public capital increase. In the meantime, the entire proceeds of this capital increase have been invested in the expansion of the real estate portfolio, which increased from 499 retail shops to 548, with a fair value increase from EUR 676 million to EUR 746 million.

As in previous financial years, the investment policy included investments in new, yet to be constructed or newly built retail parks, but was still mainly aimed at acquiring already built shops, as the commerciality of the location of such shops and their tenants present can be assessed best. As to management, the focus lies more than ever on a correct risk assessment of the activities carried out in our shops in order to monitor the quality of the rental income and, to the extent possible, to optimise rental income.

The peripheral retail real estate business in Belgium is still very stable and is characterised by low vacancy rates and affordable rents. The latter is an important asset in terms of positioning peripheral retail real estate compared to other types of retail real estate, such as city centre, shopping malls and local shops. Despite the pressure associated

3.44% growth
of the proposed
dividend



with the success of e-commerce, there are no indications to date that the pressure on peripheral retail real estate is above average. Several clients have integrated e-commerce in their operational business, which results in an increased volume of sales and, in addition, creates efficiency profit thanks to, inter alia, improved stock management and more limited advisory costs. We continue our efforts to adapt our shops to our tenants' needs through regular constructional changes. However, we noticed that the dynamics aimed at improving shop concepts and redecoration of shops and restructuring such shops is suffering from the credit crunch affecting the shopping industry, as far as the tenants are concerned. Consumer confidence trust is likely to be considered as stable compared to neighbouring countries such

as the Netherlands and France. This protects our tenants' short-term profit outlook.

On an operational level, the results in the past financial year were - again - good. For the 16th year in a row, the occupancy rate remains above 98 % (98.17 % as at 31 March 2014) and there were no insurmountable surprises pertaining to income or regarding expenses. The revaluation of the property portfolio by our real estate experts did not reveal any material variations in yield, so that the limited fair value variation is entirely due to the (low) inflation.

The proposed dividend of EUR 3.00 gross (EUR 2.25 net) for the financial year 2013-2014 represents, in line with the previous years, an increase of more than 3 %, which is



considerably higher than the inflation pertaining to that period of time. Therefore, Retail Estates distributes 86.55 % of its consolidated current profit and invests the balance of the non-distributed profit in the company's growth.

In the new financial year 2014-2015, we will remain observant in respect of the evolution of consumer confidence. Consumer confidence is susceptible to potential political decisions that may have an adverse impact on the average Belgian's income available for consumption after

the elections of 25 May 2014, and especially on the lower income groups. In addition, there are uncertainties resulting from the regionalisation of the commercial premises policy, which will enable the three regions to introduce deviating legislation per region as of 1 July 2014.

Based on what is known (through various consultative bodies) about the draft legislation, we conclude that there will be a possibility in the regions where we are doing business, i.e. in the Flemish and the Walloon Region, to considerably

contain the growth of supply. In principle, this is beneficial for us (as a long-term real estate investor), to the extent that the rules pertaining to the management of activity changes in existing shops can continue to be controlled in a rational manner.

Finally, we hope to be able to pursue last year's strategy, which consists of enabling the company to grow both with respect to its share capital and through external financing, and accomplish a steady growth while at the same time protecting the current returns and the net asset value of the shares. In this respect, we draw your attention to the 7 year EUR 30 million bond loan issued on 23 April 2014, through which our company conclusively expanded its sources of funding.

To mark the end of this grand cru financial year, we take this opportunity to thank you, our shareholders, for your permanent support and your renewed commitment as a result of our

successful capital increase. Together with our board of directors and our team of 16 people, we will continue to make every effort to pursue our long-term strategy, which is aimed at sustainable growth.

Ternat, 23 May 2014

Paul Borghgraef

Chairman of
the board of directors



Jan De Nys

Managing
director



RESILIENCE

MANAGEMENT REPORT

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

Management report

➔ 1. STRATEGY- INVESTMENT IN PERIPHERAL RETAIL PROPERTIES

GOAL – INVESTMENT IN REPRESENTATIVE PORTFOLIO PERIPHERAL RETAIL PROPERTIES

Retail Estates nv is a niche fixed-capital real estate investment fund ('bevak'/'sicafi') that invests directly in retail properties located on the outskirts of residential areas or along access roads to urban centres. Retail Estates nv purchases these properties from third parties or builds and markets shop premises on its own account. The properties are between 500 m² and 3,000 m². A typical retail property has an average area of 1,000 m².

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

Moreover, through the further upscaling of the property portfolio, Retail Estates nv intends to offer shareholders a representative sample of the market of peripheral retail properties, both in terms of location choice and the wide variety of tenants.

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

The selective purchase and construction of shops at particular locations (so-called 'clusters') are aimed at simplifying the management and boosting the value of the portfolio. Retail Estates nv has currently identified 38 clusters, in which it is systematically increasing its investments. These represent over 69.87 % of its portfolio. The clusters are spread all over Belgium.

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

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

EUR 750.30
million fair value



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

As of the end of March 2014, Retail Estates nv has 548 premises in its portfolio. The retail lettable area amounts to 570,870 m², while the occupancy rate measured in rented square metres is 98.17 %.

A total of ± 1,800 m² 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 2014, the fair value of the property portfolio of Retail Estates nv and its subsidiaries is estimated by the independent property experts at EUR 750.30 million (excluding transaction costs of 2.50 %) and at EUR 768.69 million at investment value (including transaction costs).

Retail Estates nv has invested a total of EUR 13.10 million in "Distri-Land" real estate certificates. It currently holds 85.23 % of the issued "Distri-Land" real estate certificates. The issuer of these real estate certificates owns 12 retail properties with an investment value of EUR 17.02 million. Retail Estates nv has built up its shareholding stake on the one hand through a successful public exchange bid in December 2003, and on the other hand through purchases on the stock market. Retail Estates nv views its stake in this real estate certificate as a strategic one. The company records the value of these certificates as a real estate investment and recognises income from this certificate as rental income. Given that Retail Estates nv does not hold shares in Immobilière Distri-Land nv (the issuer of the certificates), this company is not consolidated.



ACQUISITION CRITERIA

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

Choice of location

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

Rental level and initial profitability

In order to reconcile the profitability expectation of Retail Estates nv and its tenants over the long term, special attention is paid to rental levels. Experience shows that the excessive rents charged by certain project developers produce a

high level of rotation when sales do not rapidly meet the retailers' expectations.

Geographical distribution

Retail Estates nv spreads its investments over all major centres across Belgium. In practice, however, it hardly ever invests in the Brussels Region, due to the extremely low supply of out-of-town premises there. As a result, the fixed-capital investment fund 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 custom developing new shops for its tenants. Experience shows that such developments offer architecturally attractive retail premises which generate a higher initial income than shops offered on the investment market. The importance of redeveloping peripheral shopping clusters into large groups of modern, connected retail premises is increasing by the year. Such redevelopments generally allow one to increase the amount of lettable space and to better align the premises with the tenant's needs. Another distinct advantage of redevelopments is that parking and road infrastructure is improved, and shop premises are modernised.

Diversity of tenants

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

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

2. AN INVESTMENT THROUGH THE FIXED-CAPITAL REAL ESTATE INVESTMENT FUND RETAIL ESTATES NV

Retail Estates nv is a fixed-capital real estate investment fund ('bevak'/'sicafi'). As such, it is subject to a set of rules on risk diversification, distribution of profits and debt management stipulated in a number of Belgian Royal Decrees. Providing 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 fixed-capital real estate investment fund, also has additional assets, such as its strongly diversified real estate portfolio, and the fact that it has been incorporated for an indefinite period of time.

Investments in peripheral retail properties have, over the years, become more attractive, 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 peripheral retail property market. This influence,

as well as the tendency to further institutionalise the investment market for peripheral retail properties, not only explains the rise in rents, but also the increase in the fair value of this property in the longer term.

With the share of Retail Estates nv, each shareholder has an investment instrument which can be traded freely and cashed in at any time via Euronext. The shares of Retail Estates nv are entirely held by the public and a number of institutional investors. On 31 March 2014, 32.81 % of the institutional shareholders have reported that, in accordance with the transparency legislation and Retail Estates nv's articles of association, they have stakes exceeding the statutory threshold of 3 % and/or 5 % (further explanation on page 34 of this annual report).

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

The net asset value (NAV) of the share forms an important indication of its value. The net asset value is calculated by dividing the consolidated shareholders' equity by the number of shares. The NAV (fair value), including the dividend of EUR 3.00, amounts to EUR 48.90 on 31 March 2014. This is an increase of 5.43 % (EUR 46.38 in the previous year). On 31 March 2014, the stock market price of the share is EUR 58.92, representing a premium of 20.49 %.

The NAV (fair value, including dividend, but excluding the value of the financial instruments) was EUR 52.18 in the year under review compared to EUR 51.56 in the previous year. This increase is due to the positive variations in the value of the real estate investments, and the result of the financial year. Compared to the previous financial year, the number of shares of Retail Estates nv increased by 1,477,289. Hence, there is no dilution of the NAV per share.

3. SIGNIFICANT EVENTS IN THE PAST FINANCIAL YEAR (01/04/2013- 31/03/2014)

INVESTMENTS – RETAIL PARKS

Namur (Erpent Invest nv)

On **24 May 2013**, Retail Estates nv acquired the remaining shares of the company Erpent Invest nv, for a purchase price of EUR 0.40 million. Retail Estates nv now owns 100 % of the shares. This company owns an office villa, which will be demolished and rebuilt as a store.

Jambes

On **29 May 2013**, Retail Estates nv purchased a plot of land in Jambes at a price of EUR 2.18 million.

Verviers (VRP 1 nv)

On **1 September 2013**, the project development in Verviers was delivered to the tenants. All retail premises are currently leased. The retail park represents a net rental income of EUR 2.35 million and a fair value of EUR 36.52 million. In the third quarter, an amount of EUR 5.60 million was paid for the acquisition of the remaining VRP 1 nv shares.

Ghent – Sint-Denijs-Westrem (SDW Invest bvba)

On **3 September 2013**, the exclusive control of the bvba SDW Invest was acquired. This company owns three retail properties along the Kortrijksesteenweg in Ghent – Sint-Denijs-Westrem/Sint-Martens-Latem. These retail properties yield rental charges of EUR 0.32 million and represent a fair value of EUR 5.19 million.

Marche-en-Famenne

On **8 October 2013**, Retail Estates nv signed an agreement with a view to acquire six retail properties in retail park 'Espace de la Famenne' in Marche-en-Famenne, with a total retail area of 4,033 m². As at today, four stores were completed for resp. Eldi, Literie Prestige, Cash Converters and H&M. After full completion and letting, it is expected to collect a rent of EUR 0.42 million and a fair value of EUR 6.58 million. The gross yield amounts to 6.38 %. These stores are an extension of the cluster that Retail Estates nv had already developed systematically at that location since 1998.

Ducova bvba

On **31 October 2013**, Retail Estates nv acquired the exclusive control of the real estate company Ducova bvba that owns 20 retail properties. These properties represent a total retail area of 17,055 m² and yield rental charges of EUR 1.52 million. The fair value amounts to EUR 23.18 million. The portfolio consists of:

- 11 stores in retail parks: Tournai – Froyennes (Di perfumery and Mobistar), Liège – Grivegnée (JBC and Shoe Discount), Lanaken (AVA, Toychamp, e5 mode and Scapino), Andenne (Vanden Borre), Libramont (AVA) and Huy (Pointcarré).
- 4 peripheral retail stores located in clusters: Lokeren (JBC), Oudenaarde (Brantano), Bruges (Picard) and Zelzate (JBC).
- 2 individual peripheral retail stores: Tillf (Lidl) and Heusden-Zolder (Lidl).
- 3 stores on one centre location: located in the shopping centre De Klokke in Bilzen (JBC, Zeeman and Kruidvat).

Marche-en-Famenne, Malines, Deinze

On **16 December 2013**, three Hubo stores – situated in Marche-en-Famenne, Malines and Deinze – were acquired. They represent a total retail area of 8,244 m², a total rental income of EUR 695,000 and a fair value of EUR 10.58 million. The gross yield amounts to 6.40 %.

REAL ESTATE PORTFOLIO OPTIMISATION

Péruwelz

On **1 June 2013**, two retail properties at Péruwelz, which were established by Retail Estates nv after the demolition of an older retail building, were delivered. The stores are leased to Action and Bel&Bo. They yield rental charges of EUR 0.15 million and represent a fair value of EUR 2.12 million.

Lochristi

On **1 October 2013**, a showroom at Lochristi, which was converted into two retail properties and an apartment, was delivered. The stores are leased to Damart and Bruynzeel Keukens. The total retail area yields rental charges of EUR 0.16 million and represents a fair value of EUR 2.42 million. The apartment was sold on 12 March 2014.

DIVESTMENTS

In the past financial year, 4 retail properties and 2 carcass apartments were sold, with a net capital gain of EUR 5.07 million.

The sold buildings are located in Wavre (1 building, 460 m²), Kasterlee (1 apartment, 504 m²), Renaix (1 building, 786 m²), Soumagne (1 building, 1,000 m²), Gerpinnes (1 building, 290 m²) and Lochristi (1 apartment, 240 m²).



At the time of the sale, the fair value of these buildings was EUR 4.92 million.

On **24 October 2013**, the real estate certificate Distri-Land sold a retail property in Bruges, let to AS Adventure, for a net sales price of EUR 3.13 million. The sales proceeds were distributed to the holders of certificates in December 2013. On this sale a net capital gain of EUR 0.08 million was realised.

INVESTMENTS: CONCLUSION

The purchases and own developments in the financial year 2013-2014, decreased by divestments, resulted in a real estate portfolio increase of EUR 63.67 million. As a result of these investments, the total rental income in the financial year 2013-2014 rose by EUR 2.60 million. If the acquisitions had occurred on 1 April 2013, the rental income would have increased by EUR 5.72 million.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

Occupancy rate

The occupancy rate of the real estate portfolio of Retail Estates nv is 98.17 %.

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

Rental income

During the past financial year, the O'Cool business and 3 smaller tenants filed for bankruptcy. The majority of the outstanding receivables is covered by bank guarantees. For the other non-recoverable receivables the necessary provisions were calculated.

At the end of this financial year, outstanding trade receivables amount to EUR 0.42 million. A total of EUR 0.12 million concerns the revolving fund and the reserve fund. Given the guarantees received – both rental guarantees and the requested bank guarantees – the credit risk on the trade receivables is limited to around 20 % (EUR 0.06 million) of the outstanding amount on 31 March 2014.

Damage claims

No properties suffered serious fire damage or other major calamities in the past financial year.

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

Capital increase in cash

On **28 June 2013**, Retail Estates nv completed a capital increase by way of a public offering with preferential subscription rights within the limits of the authorised capital. The subscription price was set at EUR 49.75. On 28 June 2013, in total, all no. 18 coupons (or scrips representing them) were handed in for new shares. As a result, 1,453,280 new shares were issued for a total amount of EUR 72,300,680 (in specific, EUR 32.70 million in capital and EUR 39.60 million in share issue premiums). The new shares participated in the result of Retail Estates nv as of 1 April 2013. After

this capital increase, the capital was represented by 7,266,402 shares.

Capital increase through contributions in kind

On **28 June 2013**, the board of directors proceeded to issue 24,009 new shares within the powers granted to it with regard to the allowed capital, in compensation for the contribution in kind of two business properties located in Spa on Boulevard des Anglais. The total contribution value amounts to EUR 1,176,514 (in specific, EUR 0.54 million in capital and EUR 0.64 million in share issue premiums). Implementing the contribution agreement of 31 March 2013, the shares were issued at an issue price of EUR 49.0012 and were dividend-bearing as of 1 April 2013. After this capital increase, the capital was represented by 7,290,411 shares.

MERGER BY ACQUISITION OF SUBSIDIARIES

On 29 October 2013, the board of directors of Retail Estates nv approved the merger by absorption of Infradis Real Estate nv, to become effective on **31 October 2013**. On 18 December 2013, the merger by absorption of VRP 1 nv was approved, to become effective on **31 December 2013**.

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

EVENTS AFTER THE BALANCE SHEET DATE

On **2 April 2014**, Retail Estates nv proceeded to a private placement of bond for a total amount of EUR 30 million. The bonds have a 7-year term and are due in 2021. They represent a fixed annual gross yield of 3.566 %. The bonds were placed with institutional investors. The net proceeds of the bond issue will be used for the further growth of the portfolio and will contribute



to the diversification of the financial resources. The bonds also contribute to the increase of the average maturity of the total debt and to the decrease of the average interest rate.

On **4 April 2014**, the Luxembourgian company Belgium Retail 1 Luxembourg sàrl was sold, for an amount of EUR 8.22 million. On the buildings in this company, a net surplus value of EUR 0.25 million was realised (after deduction of the real estate agent's fees). Moreover, the company contains cash for an amount of EUR 1.13 million.

On **10 April 2014**, Retail Estates nv and be-MINE nv concluded a cooperation agreement for the development of a 15,000 m² retail park. Socio-economic authorisation for the development was granted by the city of Beringen on 14 August 2013. The partners will soon establish a special purpose company "Mijn Retail nv" which, after obtaining the required permits, aims to deliver the shop premises during the third quarter of 2015. In the partnership, Retail Estates nv is guaranteeing not only full financing of the constructions (estimated at EUR 11 million), but is also mobilising its extended network for marketing and managing the retail park. Be-MINE nv will handle the project development up to and including delivery of the commercial spaces and the surrounding infrastructure.

On **29 April 2014**, a 420 m² retail property in Genval, let to Délitrateur, was sold for a net capital gain of EUR 465,000.

On **6 May 2014**, an agreement was signed regarding the purchase of the piece of land onto

which the retail park Bruges V-Mart was built, for an amount of EUR 3.32 million (excl. registration fees).

4. CORPORATE GOVERNANCE DECLARATION

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

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

The Corporate Governance Charter can be found at the website: www.retailstates.com.

REMUNERATION REPORT

Introduction and context

Retail Estates nv has prepared a remuneration report with regard to the remuneration policy for its directors. Retail Estates nv does not have a management committee ('directiecomité'/'comité de direction'). The board of directors has 9 non-executive and 2 executive directors, i.e. the executive chairman and the managing director who together assume the effective management of Retail Estates nv and its subsidiaries.

The report was prepared by the remuneration committee in accordance with Article 96 §3 of the Belgian Companies Code and was approved by the board of directors of 23 May 2014.

It will be submitted to the annual shareholders' meeting of 4 July 2014 which is to approve or disapprove the report by a separate vote.



Remuneration policy

Principle

The remuneration policy of Retail Estates nv is prepared in such a way that it takes into account a market-compliant remuneration, which enables the company to attract and retain talented directors, while also considering the size of the company and its financial prospects. Moreover, this remuneration must also be proportionate to the responsibilities associated with the capacity of a director in a listed company. On the other hand, the expectations of the shareholders must also be met.

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

Internal procedure – financial year 2013-2014

The remuneration committee met twice over the past financial year to verify and adjust where necessary the remuneration budgets of the directors individually and the personnel budget in its entirety, in accordance with the responsibilities of the persons in question and the medium and long-term objectives that the board of directors has established for the company. In this respect, the executive directors are analysed both in terms of the overall remuneration level and the distribution of the different components. In addition, the remuneration committee has defined, analysed and established the objectives for the level of the managing director's variable remuneration and the procedure for the realisation of the underlying objectives for the financial years 2013-2014 and 2014-2015.

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

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



Remuneration of the directors

Executive directors

1. In the course of the financial year 2013-2014, the following remuneration (in EUR) was awarded to the managing director:

Jan De Nys - managing director	2013-2014
Fixed remuneration	200,000
Variable remuneration	50,000
Premiums group insurance	35,000
TOTAL	285,000

2. The remuneration of the position of managing director, assumed by Mr. Jan De Nys since the initial public offering of Retail Estates nv in March 1998, takes into account his experience and track record in terms of establishing and developing the company. It further builds on the foundation of his experience gained in the retail environment in Belgium and abroad, as well as his commercial, legal and financial knowledge which is necessary for

the development of a portfolio of peripheral retail properties and the daily management of a listed company. He carries out his mandate personally as an independent manager.

The fixed remuneration is indexed annually on 1 April. The variable remuneration of the managing director is determined annually by the board of directors, and is based on a proposal made by the remuneration committee. The allowance shall not exceed 25 per cent of the fixed remuneration. It is linked to the achievement of a number of qualitative and quantitative criteria for which for the financial year 2013-2014 concerned the following:

- Financial criteria (weighting 25 %):
Net current profits per share excluding all variations in fair value of the assets and interest rate hedging instruments and the results achieved on the realisation of assets;
- Portfolio management (weighting 25 %):
Collection management and occupancy level;
- Real estate portfolio optimisation (weighting 25 %):
Develop “clusters”, improvement works and expansion of retail premises with a long-term focus, growth of rental value, updating of buildings and environmental elements;
- Implementation strategic objectives (weighting 10 %):
Buy and sell assets, growth of the company;
- Management skills (weighting 15 %):

Expansion of management team and staff, investor relations and “corporate identity”.

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

The agreement relating to the managing director provides a notice period of eighteen months in the event of termination by Retail Estates nv. Any termination compensation which is paid if the real estate investment fund waives performance during notice period, shall be calculated in accordance with the fixed remuneration and the annual premiums for group insurance policies. The notice period was approved, in accordance with legal provisions, by the board of directors upon the recommendation of the remuneration committee, and taking into account the contributions by the managing director to the growth of the company since its initial public offering in March 1998.

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

If the managing director is unable to perform his duties because of disability (illness or accident), Retail Estates nv shall continue to pay him the fixed portion of his remuneration for a period of two months from the first day of disability. He shall subsequently receive a disability pension,

guaranteed by an insurance company, which is equal to 75 % of the fixed remuneration.

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

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

The fixed remuneration was set at EUR 50,000, considering that Mr. Paul Borghgraef as executive chairman, together with the managing director, is one of the two leading managers in the company, and in this capacity holds a part-time executive position. A variable remuneration and other benefits or severance payment are not provided. The remuneration is indexed on 1 April 2014 and amounts to EUR 60,000 (excl. VAT) for the financial year 2014-2015.

4. Total remuneration of the executive directors

Executive directors were awarded a total remuneration of EUR 335,000 in the financial year 2013-2014. Except for the above-mentioned remuneration, Messrs. Paul Borghgraef and Jan De Nys do not receive a separate remuneration for the exercise of their director’s mandate.

Non-executive directors

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

The non-executive directors do not receive performance-related remuneration such as

bonuses or stock-related long-term incentive schemes, or fringe benefits.

Based on the above, the following fees were paid to the non-executive directors in 2013-2014:

	Annual fixed remuneration (EUR)	Performance-related (EUR)	TOTAL (EUR)
Board of directors/ committee			
Jean-Louis Appelmans	6,000	7,500	13,500
Hubert De Peuter	6,000	7,500	13,500
Luc Geuten	6,000	6,000	12,000
Vic Ragoen	6,000	9,000	15,000
Jean Sterbelle	6,000	3,000	9,000
Marc Tinant	6,000	9,000	15,000
Richard Van Besauw	6,000	9,000	15,000
Christophe Demain	6,000	4,500	10,500
Francis Vroman	6,000	4,500	10,500
TOTAL non-executive directors	54,000	60,000	114,000

Indemnification and insurance of directors

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

Future developments

The board of directors, upon the recommendation of the remuneration committee, does not intend to make significant changes to the remuneration policy. This applies to both the executive and non-executive directors and for the financial years 2014-2015 and 2015-2016.

CORPORATE GOVERNANCE CODE
(2009 VERSION) – COMPLY OR EXPLAIN

Retail Estates nv seeks to comply with the provisions of the Code. There are, however, deviations in several areas:

Deviations from principle 1:

Item 1.5. The chairman of the board of directors and the managing director of the company are not the same person, however, in accordance with the Law of 3 August 2002, Retail Estates nv

is obliged to appoint two effective managers. In the case of Retail Estates nv, the effective managers are the chairman of the board of directors and the managing director.

Deviations from principle 2:

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

Deviations from principle 3:

Item 3.5. In view of the company's activities, and particularly considering the fact that negotiating and entering into specific contracts is part of the day-to-day management and falls within the CEO's powers (without the intervention of the board of directors being required in principle), the following transactions between the company and its non-executive directors could possibly fall under the conflict of interests regulation ('significant commercial relationships'):

- rental agreements for retail premises with retail companies to which a non-executive director is connected.

There are significant commercial relationships with New Vanden Borre nv (13 retail premises) and FUN nv (with Mitiska nv as its main shareholder, 9 retail premises) in which Mr. Vic Ragoen and Mr. Luc Geuten, respectively hold the function of managing director or director. The retail premises leased by these companies, however, are usually the subject of long-term rental agreements, often concluded with external promoters prior to their acquisition by Retail Estates nv. The board of directors particularly values the presence of these



directors of rapidly expanding companies. Their experience of changing market conditions and the development potential of various locations offers considerable added value to Retail Estates nv when making investments decisions. The commercial lease legislation, which is mainly compulsory legislation, provides an adequate frame of reference for solving day-to-day problems that arise in relation to these companies being tenants.

In addition, Retail Estates nv also lets a considerable number of premises to competitors of New Vanden Borre nv and FUN nv.

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.

Deviations from principle 5:

Item 5.2. The responsibilities of the audit committee are assumed by the entire board of directors. No separate audit committee has been set up. This is in line with the legal provisions concerning the functioning of an audit committee.

	31.03.2014	31.03.2013
General public	58.85%	58.85%
FPIM nv (Belfius Insurance)	11.34%	11.34%
Stichting Administratiekantoor 'Het Torentje' group and Leasinvest, acting in mutual consultation	10.03%	10.03%
KBC Group nv	9.22%	9.22%
AXA nv	5.31%	5.31%
Federale Verzekering	5.25%	5.25%

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

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

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

Internal control and risk management systems

In accordance with the Corporate Governance rules and the relevant legislation,

Shareholding structure

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

Retail Estates nv has developed an internal control and risk management system. Internal control is a process which aims to provide reasonable guarantees to ensure that the following objectives are met:

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

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

Internal control and risk management systems in general

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

- corporate governance rules and the existence of a remuneration committee;
- the existence of a code of conduct, dealing in particular with such matters as conflicts of interest, confidentiality, buying and selling of shares, prevention of abuse of company property, and communication;
- a detailed human resource policy with rules for recruiting staff, periodic performance evaluation and the setting of annual goals;
- monitoring of procedures and formalisation of processes.

The board of directors regularly reviews the company's exposure to risks, the financial impact of these risks, and the actions to be undertaken to monitor these potential risks.

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, Retail Estates nv falls under the supervision of the Financial Services and Markets Authority (FSMA), which also undertakes a specific review of the financial information. All published financial information is controlled (in advance or post facto) by the FSMA.
- The real estate expert also plays an important role: the entire real estate portfolio (which makes up 98 % of the balance sheet total) is valued by two internationally recognised

external real estate experts (Cushman & Wakefield and CBRE) each one evaluating one part of the real estate portfolio.

Risk analysis

Regular management and operational meetings serve to address issues in need of followed up, in order to ensure balanced risk awareness and management:

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

As a result of these meetings, the appropriate actions can be undertaken and measures can be adopted in order to implement the policy of the fixed-capital investment fund. These actions aim to achieve a balanced risk policy in line with the strategic objectives and 'risk appetite' of the company as ratified by the board of directors.

Control activities

Procedures are in effect with respect to key processes (collecting rents, repairs and maintenance, project development, site supervision, etc.). These procedures are evaluated on a regular basis by the management team.

A control software package serves to track all aspects of the real estate business (overview of lease agreements, rent calls, settlement of costs, payment monitoring, etc.). This package is linked to the accounting package.

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, with all relevant financial information published at the end of the financial year.

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. Comparisons with forecasts and budgets are discussed. Every quarter, the 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 auditor also reports to the board of directors on the main findings of its audit activities.

5. MANAGEMENT OF THE COMPANY

COMPOSITION

On 31 March 2014, the board of directors of Retail Estates nv consists of 11 directors: 9 non-executive directors and 2 executive directors, being the managing director and the chairman. Notwithstanding the provisions of the Code, the terms of office of all directors were renewed at the 29 June 2009 annual shareholders' meeting for a new, 6-year term, until the shareholders' meeting of 2015.

Out of the 11 directors, 3 directors (Messrs. Tinant, Ragoen and Van Besauw) qualify as being independent, pursuant to Article 526ter of the Belgian Companies Code. These directors also meet the criteria of independence set out in annexe A to the Code. The independent directors strictly comply with the following criteria of independence:

- not to be a salaried employee, manager, executive committee member, managing director, executive director or member of the executive personnel of Retail Estates nv, or an affiliated company, and not having occupied a similar position during the five years preceding their appointment;

- not to receive, or have received in the past, from Retail Estates nv or a related enterprise, any remuneration or significant financial benefits other than those associated with their mandates;

- not to be a dominant shareholder or having a shareholding stake of more than 10 % in Retail Estates nv – either alone or jointly with a company controlled by the director – or be a director or member of the managerial personnel of such a shareholder, or represent it. Directors with a shareholding stake of less than 10 % may not subject the acts of disposal relating to their shares, or exercise the rights pertaining to them, to contractual stipulations or to unilateral commitments to which they have subscribed. Directors may under no circumstances represent such a shareholder;

- not to have, or to have had during the preceding year, or to expect to have in the future, a significant commercial relationship with Retail Estates nv or with a related enterprise, either directly or as a partner, shareholder, director, or as member of the senior or executive management of an organisation related to it in such a way;

- not to be, and not to have been during the past three years, a partner or salaried employee of the present or a former external company auditor of Retail Estates nv or a related company;

- not to be an executive member of the management body of another company in which an executive director of the company

holds the function of a non-executive member of the management or supervisory body;

- not to have other significant links with the executive directors of Retail Estates nv by virtue of an involvement in other enterprises or bodies;
- not to have held more than three terms of office as a non-executive director within Retail Estates nv, with an overall limit of 12 years;
- not to be a close relative of a managerial employee, a member of the executive committee, or a person who is covered by one of the above-mentioned situations.

The composition of the board of directors intends to ensure that the decisions taken are in the interests of the company. The composition of the board of directors is determined on the basis of diversity in general, as well as on the basis of complementarity of skills, experience, and know-how. It is of particular importance to have a strong representation of directors who are well versed in the management of retail businesses in the type of property in which Retail Estates nv invests and/or have experience in the financial aspects of the management of a listed company, and of a fixed-capital real estate investment fund in particular. Therefore, it is pivotal that members of the board of directors are complementary in terms of knowledge and experience. To enable the board of directors to operate efficiently, it is intended that the number of board members will be restricted to a maximum of 12.

A number of reference shareholders are

represented by Messrs. Borghgraef and De Peuter (on behalf of the KBC Group), Mr. Appelmans (on behalf of Het Torentje (Leasinvest)), Mr. Sterbelle (on behalf of AXA), Mr. Demain (on behalf of the Belfius-group) and Mr. Vroman (on behalf of Federale Verzekering).

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

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

FUNCTIONING OF THE BOARD OF DIRECTORS

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

The board of directors prepares the annual and interim financial statements and the annual report of the fixed-capital real estate investment fund Retail Estates nv for the shareholders' meeting. The board of directors also approves merger and split reports. It decides on the use of the authorised capital and convenes the annual and extraordinary shareholders' meeting. It supervises the accuracy and transparency of communications to shareholders, financial analysts, and the general public, as communicated through prospectuses, annual and interim reports and press releases. It delegates the day-to-day management to the

managing director, who in turn regularly reports back on the management and the annual budget, and who presents a quarterly financial and operational report.

The board of directors met six times during 2013-2014. The remuneration committee met twice.

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

In addition to its legal mandate, the board of directors, bearing in mind the company's interests, also determines the strategy and outlines the policy lines. More specifically, it takes all the fundamental decisions concerning

the investments in and disposals of properties, as well as those regarding their funding. Retail Estates nv has no executive committee.

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

The managing director is in charge of the executive management of the company. The board of directors will make sure that sufficient powers are given to ensure that these responsibilities and duties are met.

The managing director and the chairman of the board of directors are jointly appointed by the board of directors as being the effective leaders of the fixed-capital investment fund pursuant to Article 38 of the Law of 20 July 2004.

REPORT ON THE ACTIVITIES

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

- sale of EUR 7.21 million in real estate properties;
- enlargement of the portfolio by EUR 25.13 million in real estate properties through purchases or contributions in kind;
- merger by absorption of Infradis Real Estate nv and VRP 1 nv;

- acquisition of control over SDW Invest bvba and Ducova bvba;
- financing of the above-mentioned acquisitions.

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

This assessment focuses on:

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

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

Currently, Retail Estates nv has only set up a remuneration and nomination committee. Its members are independent directors and Mr. Vic Ragoen is the chairman of the committee. The committee met twice in 2013-2014, i.e., on 29 November 2013 and on 24 January 2014, in order to discuss the setting of the budget for 2014-2015. During these meetings the staff remuneration policy was discussed and the recurrent fees paid to external providers were inventoried.

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

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

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

Retail Estates nv, however, fulfils the exemption conditions provided for in this law, whereby the tasks assigned to the audit committee are carried out by the board of directors as a whole. In this respect, Mr. Tinant, as an independent director, has the necessary reporting and audit skills.

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

EVALUATION OF THE PERFORMANCE OF DIRECTORS

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

The purpose of this evaluation is to:

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

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

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

REPRESENTATION POWER

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

The company may also be validly represented by the managing director 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.

Article 18 of the Belgian Royal Decree of 7 December 2010 is also referred to, when one of the persons mentioned in this Article (director, manager or promoter of the fixed-capital investment company,...) acts as counterparty in an operation undertaken with the fixed-capital investment company or a company under its control.

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

DAY-TO-DAY MANAGEMENT – EXECUTIVE MANAGEMENT

The company is managed by a team of 16 co-workers, under the leadership of the

managing director (CEO), Mr. Jan De Nys.



Filtr: Hubert De Peuter, Marc Tinant, Victor Ragoen, Richard Van Besauw, Paul Borghgraef, Jan De Nys, Jean-Louis Appelmans, Jean Sterbelle

(NON-)EXECUTIVE DIRECTORS

Chairman:



Paul Borghgraef (1954):
Chairman of the board of directors
Office address: Van De Wervelaan 49/2 – 2970 Schilde
End of mandate: 2015
Most important other

positions: director at KBC Securities nv, director at Pertinea Property Partners nv and director at PG58 nv

Committees: -

Attendance board of directors in 2013-2014¹: 6

Attendance remuneration and nomination committee in 2013-2014²: -

Executive director:



Jan De Nys (1959): Chief Executive Officer (CEO – managing director)
Office address: Retail Estates nv - Industrielaan 6 - 1740 Ternat
End of mandate: 2015

Most important other positions: director at Paestum nv/Orelia nv (Maes/Alides Construction and Property Group), director at First Retail International nv, chairman of Private Privak BEM II (set up under the aegis of the Flemish Building Federation), managing director of Infradis Real Estate Management nv and managing director of Snowdonia nv

Committees: -

Attendance board of directors in 2013-2014¹: 6

Attendance remuneration and nomination committee in 2013-2014²: -

Non-executive directors:



Jean-Louis Appelmans (1953):
director
Office address: Leasinvest Real Estate Comm.V.A. – Schermersstraat 42 – 2000 Antwerp
End of mandate: 2015

Most important other positions: managing director of Leasinvest Real Estate Management nv (statutory manager of the real estate investment trust Leasinvest Real Estate Comm.V.A.), Leasinvest Immo Lux sa, Leasinvest Services nv,...

Committees: -

Attendance board of directors in 2013-2014¹: 5

Attendance remuneration and nomination committee in 2013-2014²: -



Hubert De Peuter (1959):
director
Office address: KBC Real Estate nv – Havenlaan 12 – 1080 Brussels
End of mandate: 2015
Most important other

positions: KBC Real Estate nv – head real estate investment and securitisation, director at KBC Real Estate Investments nv, director at KBC Property Portfolio Belgium nv, director at Mechelen City Center nv,...

Committees: -

Attendance board of directors in 2013-2014¹: 5

Attendance remuneration and nomination committee in 2013-2014²: -



Luc Geuten (1943): director
Office address: Mitiska nv – Pontbeekstraat 2 – 1702 Groot-Bijgaarden
End of mandate: 2014
Most important other positions: managing director

Mitiska nv, director at Compagnie Het Zoute nv

Committees: -

Attendance board of directors in 2013-2014¹: 4

Attendance remuneration and nomination committee in 2013-2014²: -



Victor Ragoen (1955):
independent director
Office address: New Vanden Borre nv – Slesbroekstraat 101 – 1600 Sint-Pieters-Leeuw
End of mandate: 2015
Most important other

positions: managing director New Vanden Borre nv

Committees: chairman remuneration and nomination committee

Attendance board of directors in 2013-2014¹: 5

Attendance remuneration and nomination committee in 2013-2014²: 2



Jean Sterbelle (1962): director
Office address: AXA Belgium nv – Vorstlaan 25 – 1170 Brussels
End of mandate: 2015
Most important other positions: Head of Letting

& Investment - Real Estate Management AXA Belgium, director at Blauwe Toren nv, director at

¹ Number of board of directors: 6

² Number of remuneration and nomination committees: 2

Brustar One nv, director at Cabesa nv,...
Committees: member real estate management and real estate committee AXA Belgium
Attendance board of directors in 2013-2014¹: 2
Attendance remuneration and nomination committee in 2013-2014²: -



Marc Tinant (1954):
independent director
Office address: Auxipar nv
– Avenue Urbain Britsiers 5 -
1030 Brussels
End of mandate: 2015
Most important other

positions: vice-president of the management board of Auxipar nv, directorships at EPC, SRIW and Les Editions de l'Avenir (Corelio),...
Committees: member of the financial committee of UCL, member of the remuneration and nomination committee
Attendance board of directors in 2013-2014¹: 5
Attendance remuneration and nomination committee in 2013-2014²: 2



Richard Van Besauw (1945):
independent director
Office address:
Leeuwerikendreef 11 – 2970
Schilde
End of mandate: 2015
Most important other

positions: consultant at Aerts nv and Salt and Pepper
Committees: member of the remuneration and nomination committee
Attendance board of directors in 2013-2014¹: 5
Attendance remuneration and nomination committee in 2013-2014²: 2



Christophe Demain (1966):
director since 30 June 2013
Office address: Belfius
Insurance nv – Galiléelaan 5 –
1210 Brussels
End of mandate: 2015
Most important other

positions: Chief Investment Officer at Belfius Insurance nv
Committees: -
Attendance board of directors in 2013-2014¹: 4
Attendance remuneration and nomination committee in 2013-2014²: -



Francis Vroman (1949):
director since 30 June 2013
Office address: Federale
Verzekering - Stoofstraat 12 -
1000 Brussels
End of mandate: 2015
Most important other

positions: managing director of Federale Real Estate nv, director-consultant at Federale Verzekering, directorships at Axxes, Benor, Inaco, K-Building, Senior Housing Invest, Foncière du Pré-Aily, Trilogis,...
Committees: -
Attendance board of directors in 2013-2014¹: 3
Attendance remuneration and nomination committee in 2013-2014²: -

6. OTHER PARTIES INVOLVED

CERTIFICATION OF THE ACCOUNTS

An auditor appointed by the shareholders' meeting must:

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

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

The auditor's fixed remuneration for reviewing and certifying Retail Estates nv's statutory and consolidated annual accounts is EUR 0.07 million (excluding VAT).

The remuneration of Deloitte Bedrijfsrevisoren for certifying the statutory accounts of Retail Estates nv's subsidiaries, as well as for the tasks assigned to the statutory auditor by law (e.g. reports when mergers occur), amounts to EUR 0.09 million (excluding VAT). The fees relating to studies and assistance and more in particular on taxation matters and due diligence assignments amount to EUR 0.02 million excluding VAT.

REAL ESTATE EXPERT

In accordance with the Belgian Royal Decree of 7 December 2010, Retail Estates nv calls upon experts for the regular valuations of its assets, each time it issues shares, lists securities on the stock market or purchases unlisted shares, and when it purchases or sells real properties. These valuations are necessary to determine the inventory value and prepare the annual accounts. The valuation assignments are entrusted to Cushman & Wakefield (Kunstlaan 58, box 7 at 1000 Brussels), represented by Messrs. Matthias Gerits and Koen Nevens and to CBRE nv (Avenue Lloyd George 7 at 1000 Brussels), represented by Mr. Pierre Van der Vaeren.

During the past financial year, a fee of EUR 0.30 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 0.20 million (including VAT), were paid to CBRE for the regular valuation of the remainder of the real estate portfolio and initial valuations of real estate purchases.

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

7. ACQUISITION AND SALE OF RETAIL ESTATES NV SHARES – INSIDER TRADING

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

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

8. INFORMATION BASED ON ARTICLE 34 OF THE BELGIAN ROYAL DECREE OF 14 NOVEMBER 2007 CONCERNING THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS AUTHORISED TO TRADE ON AN OFFICIAL MARKET

CAPITAL STRUCTURE (ON 31 MARCH 2014)

The registered capital amounts to EUR 164,037,087.74 and is divided into 7,290,411 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 27 May 2011 amended the articles of association as to authorise the board of directors to acquire shares in Retail Estates nv under a number of special conditions listed in the articles of association.

DECISION-MAKING BODIES

The rules which govern the appointment or replacement of the members of the board of directors and the amendment procedure relating to the articles of association of Retail Estates nv are set out in the applicable legislation (especially the Belgian Companies Code and the Belgian Royal Decree of 7 December 2010) and the articles of association of Retail Estates nv. The articles of association of Retail Estates nv do not deviate from the above-mentioned legal provisions.

CONTRACTUAL PROVISIONS

The conditions under which the financial situations have provided Retail Estates nv with financing

require the retention of a fixed-capital real estate investment fund status ('bevak'/'sicafi'). The general conditions under which this financing was granted give banks the option to demand early repayment in the event of change of control. In addition, a covenant has been written into the credit agreements with a number of financial institutions, whereby Retail Estates nv commits itself to maintain a maximum debt level of 60 % (lower than the legal threshold of 65 %).

ARTICLES OF ASSOCIATION OF RETAIL ESTATES NV

Retail Estates nv's articles of association are on page 165 of this annual report. They were last revised at the extraordinary shareholders' meeting of 9 December 2013.

9. COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2013-2014

BALANCE SHEET

Investment properties (including project developments) have increased from EUR 675.59 million to EUR 745.92 million. This is primarily explained by the extension of the portfolio by EUR 70.88 million and the sales of properties worth EUR 3.63 million. Assets held for sale have decreased from EUR 7.49 million to EUR 4.38 million. Recorded under assets held for sale at the end of each quarter are those assets for which a sales agreement has been signed but the final deed of sale has not yet been enacted. In the financial year 2013-2014, assets were added to the assets held for sale in the amount of EUR 0.30 million, while assets in the amount of EUR -3.58 million were sold.

Current assets amount to EUR 9.62 million, consisting of EUR 4.38 million of assets held for sale, EUR 0.72 million of trade receivables, EUR 1.90 million of tax receivables and other current assets, EUR 2.19 million of cash and cash equivalents, and EUR 0.42 million of deferred charges and accrued income.

The shareholders' equity of the fixed-capital investment fund amounts to EUR 356.52 million. The registered capital amounts to EUR 164.04 million, an increase of EUR 33.24 million compared to last year, as a result of the various capital increases mentioned above. After deducting the costs of the capital increases, the accounting capital amounts to EUR 160.96 million. 1,477,289 new shares were created. For the same reasons, the share premiums have increased from EUR 52.86 million to EUR 93.09 million. The company's reserves amount to EUR 73.90 million and consist of unrealised gains due to valuation of the real estate portfolio at fair value (EUR 86.93 million), the result carried forward from previous financial years (EUR 20.95 million), available reserves (EUR 7.86 million), legal reserves (EUR 0.44 million), minus the fair value impact of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (EUR -18.39 million) and variances in the fair value of financial assets and liabilities (EUR -23.88 million). The group uses financial derivatives (interest rate swaps) to hedge against interest rate risks deriving from operational, financial and investment activities. Financial derivatives are initially recognised as costs and are revalued to fair value at subsequent reporting dates. The negative valuation of the financial instruments has no impact on the net result of Retail Estates nv. The

fixed-capital investment fund classifies the interest swaps as cash flow hedging, on the basis that hedges are effective, i.e., that the amounts and the maturity match those of the underlying loan agreements. Cash flow accounting is therefore applied to these swaps, based on which the valuation changes in these swaps are recognised directly in equity and are not taken through the income statement. The negative value of these instruments is due to the sharp fall in short-term interest rates which has continued since the end of 2008 under the impetus of the US and European central banks.

The net result of the financial year is EUR 28.57 million, comprising EUR 25.07 million in net current profits, and EUR 3.50 million in profit on the portfolio.

Non-current liabilities amount to EUR 365.82 million, including EUR 327.68 million in non-current financial debts with an average term of 3.8 years (the bond placement after 31 March 2014 for an amount of EUR 30 million already taken into account). The remaining non-current liabilities pertain to provisions, authorised cash flow hedges (interest swaps), deferred taxes and debts for the further acquisition of shares in Retail Warehousing Invest nv, which are not yet fully owned by Retail Estates nv.

Current liabilities amount to EUR 33.52 million, of which EUR 7.99 million in trade payables and other current debts. These mainly pertain to trade accounts payable for an amount of EUR 0.35 million, estimated taxes for an amount of EUR 0.81 million, accounts receivable for an amount of EUR 2.87 million and exit tax for an amount of EUR

3.62 million. The current financial liabilities amount to EUR 22.42 million.

Other current liabilities have decreased, from EUR 9.25 million to EUR 0.086 million. This decrease is explained by the further acquisition of the shares in Erpent Invest nv and VRP 1 nv for an amount of EUR 6.10 million and by the refund of the outstanding current account of EUR 2.90 million, held by the company VRP 1 nv vis-à-vis the minority shareholder.

On 31 March 2014, the average interest rate is 4.50 %.

INCOME STATEMENT

Net rental income has risen by EUR 5.66 million. This can primarily be explained by the acquisition of additional properties during the 2013-2014 financial year (EUR 3.01 million) and the acquisition of properties in the previous financial year, which, for the first time, generated a full year's rental income (EUR 2.55 million). The sale of properties produced a EUR 0.21 million fall in rental income. This financial year, the sale of properties during the past financial year resulted in a decrease of the net rental income of EUR 0.50 million. The impact of contract renewals amounts to EUR 0.33 million. Discounts, vacancy and indexing (EUR 0.38 million) also had an impact.

Property charges amount to EUR -3.04 million, and have increased by EUR 0.49 million, mainly due to an increase of technical and commercial costs due to the extension of the portfolio. Corporate operating costs amount to EUR 2.40 million, an increase of EUR 0.14 million

compared to the previous year, mainly due to an increase of the stock exchange and quotation costs.

The result of the disposal of investment properties amounts to EUR 0.23 million. This profit is the result of the sale of properties for EUR 7.21 million (fair value). For further details, we refer to the section "Divestments" in this chapter.

The positive variation in the fair value of real estate investments amounts to EUR 3.26 million, mainly due to indexation and renovation work.

The financial result is EUR 15.79 million compared to EUR 14.77 million the year before. Interest costs are higher than the year before, owing to additional loans taken up to finance the further expansion of the portfolio.

The net current result (i.e., the net result, without the property portfolio result) is EUR 25.07 million, compared to EUR 20.70 million last year.

PROSPECTS FOR THE FINANCIAL YEAR 2014-2015

For the financial year 2014-2015, the company expects a rental income of EUR 50.25 million, on the basis of the expected composition of the real estate portfolio, and subject to unforeseeable circumstances.

Just like in the previous financial years, Retail Estates nv expects that the dividend for the financial year 2014-2015 will grow, in line with previous years, as a result of which it is minimally inflation resistant. For the financial year 2014-2015, Retail Estates nv's target is a dividend of EUR 3.10 gross (EUR 2.325 net). This would imply an increase of 3.33 % compared to the dividend of the financial year 2013-2014 (EUR 3.00 gross).

DATA IN ACCORDANCE WITH EPRA REFERENCE SYSTEM³

EPRA Key performance indicators

	Definitions	EUR/1000	EUR per share
EPRA Earnings	Current result from adjusted core operational activities.	25,072	3.62
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.	380,406	52.18
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.	356,524	48.90
	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.		6.74%
EPRA Vacancy	Estimated market Rental Value (ERV) of vacant surfaces divided by the ERV of the portfolio as a whole.		1.31%
EPRA Cost Ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income less ground rent costs		11.87%
EPRA Cost Ratio (excl. vacancy costs)	EPRA Costs (excluding vacancy costs) divided by the gross rental income less ground rent costs		11.61%

³ These data are not compulsory to the regulation on the fixed-capital real estate investment funds and are not subject to verification by public authorities. The auditor verified whether the "EPRA Earning", "EPRA NAV" and "EPRA NNNAV" ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" 2011 and whether the financial data used in the calculation of these ratios comply with accounting data included in the audited consolidated financial statements.

EPRA Earnings	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	28,568
Adjustments to calculate EPRA Earnings	
Excluding:	
Variations in the fair value of investment properties (IAS 40)	3,260
Result on disposal of investment properties	236
Variations in the fair value of financial instruments (IAS 39)	
Adaptations to minority interests	
EPRA Earnings (attributable to the shareholders of the parent company)	25,072
EPRA Earnings (EUR/share) (attributable to the shareholders of the parent company)	3.62

EPRA Net Asset Value	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts	356,524
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	48.90
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	356,524
Excluding:	
Fair value of the financial instruments	-23,882
EPRA NAV (attributable to the shareholders of the parent company)	380,406
EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)	52.18

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)	380,406
Including:	
Fair value of the financial instruments	-23,882
EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	356,524
EPRA NNNAV (EUR/share) (attributable to the shareholders of the parent company)	48.90

EPRA Net Initial Yield	EUR/1000
Investment properties (excluding assets held for sale) fair value	745,916
Transfer taxes	18,277
Investment value	764,193
Project developments	8,077
Investment value of the properties, available for rent	756,116
Annualised gross rental income	51,823
Property costs	-851
Annualised net rental income	50,972
EPRA Net Initial Yield (NIY)	6.74%

EPRA Vacancy Rate	EUR/1000
Estimated rental value of vacant surfaces	679
Estimated rental value of total portfolio	51,823
EPRA Vacancy Rate	1.31%

EPRA Cost Ratio	EUR/1000
Operating corporate costs	2,400
Write-downs on trade receivables	156
Ground rent costs	510
Property charges	3,044
Less:	
Ground rent costs	-510
EPRA costs (incl. vacancy costs)	5,600
Vacancy costs	-122
EPRA costs (excl. vacancy costs)	5,478
Rental income less ground rent costs	47,179
	in %
EPRA Cost Ratio (incl. vacancy costs)	11.87%
EPRA Cost Ratio (excl. vacancy costs)	11.61%

EPRA Evolution of the gross rental income (EUR/1000)					
2013-2014					
	Gross rental incomes at constant scope	Acquisitions	Disposals	Prior period adjustments	Gross rental income 2013-2014
Rental income	44,883	3,013	-207		47,689
2012-2013					
	Gross rental incomes at constant scope	Acquisitions	Disposals	Prior period adjustments	Gross rental income 2012-2013
Rental income	36,383	6,049	-405		42,027

APPROPRIATION OF THE PROFIT

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

	EUR
Result of the year	26,676,000
Transfer of result on portfolio and participating interests to available reserves (portfolio result)	-4,876,000
Profit to be appropriated for the financial year	21,800,000
Profit carried forward from the previous financial year (IFRS)	18,688,000
Increase in profit carried forward due to merger and other	1,718,000
Other	-171,000
Payment of dividend on 31 March 2014	-21,871,000
Result to be carried forward	20,164,000

The board of directors of the limited liability company Retail Estates will propose to the company's shareholders' meeting, to be held on 4 July 2014, a gross dividend for the financial year 2013-2014 (which began on 1 April 2013 to end on 31 March 2014) in the amount of EUR 3.00 (or EUR 2.25 net, i.e., the net dividend per share after the deduction of 25 % in withholding tax) per share, which participates in the result of the financial year 2013-2014.

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.

ESTABLISHED
COMPANY

RETAIL ESTATES NV ON THE STOCK EXCHANGE

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

Retail Estates nv on the stock exchange

	01.04.2013 31.03.2014	01.04.2012 31.03.2013	01.04.2011 31.03.2012
Highest share price	61.00	57.98	52.50
Opening price at 1 April	58.00	49.50	49.05
Closing price at 31 March	58.92	57.98	49.21
Average share price	56.35	52.12	49.29
Net asset value (NAV) (IFRS)	48.90	46.38	44.39
Net asset value (after dividend) (IFRS)	45.90	43.48	41.59
Premiums NAV after dividend relative to closing price	22.09%	33.35%	18.32%
Gross dividend	3.00	2.90	2.80
Net dividend	2.25	2.175	2.212
Dividend yield	5.36%	5.27%	6.03%
Return net result on shareholders' equity	8.01%	10.97%	11.31%
Pay-out ratio	86.91%	80.84%	83.78%
Number of shares	7,290,411	5,813,122	5,437,074
Market capitalisation (EUR million)	429.55	337.04	267.56
Free float percentage	100%	100%	100%
Average daily volume	1,929	1,560	1,637
Annual volume	493,940	394,563	420,880

EUR 3.00
proposed dividend



1. PERFORMANCE

STOCK MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market.

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

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

As of 31 March 2014, the market capitalisation of Retail Estates nv amounts to EUR 429.55 million.

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



Retail Estates nv - Bel 20



STOCK EXCHANGE PRICE

The share price reaches its highest level of the year on 12 April (EUR 61.00). Ultimately, the share price closed at EUR 58.92 at the end of the financial year.

The annual average price is EUR 56.35. The graph above shows the stock performance of the Retail Estates-share relative to the BEL 20 since the its listing. The share value of Retail Estates nv increased over this period by 86.87 %, compared to an increase of the BEL 20 by 5.14 %.

DIVIDEND

The proposal which the board of directors put forth at the shareholders' meeting, regarding the allocation of the results of the financial year that ended on 31 March 2014, consists of paying out a gross dividend (before withholding tax) of EUR 21.87 million.

This is equal to a gross dividend of EUR 3.00, for shares which have been eligible for a dividend from 1 April 2013 (7,290,411 shares).

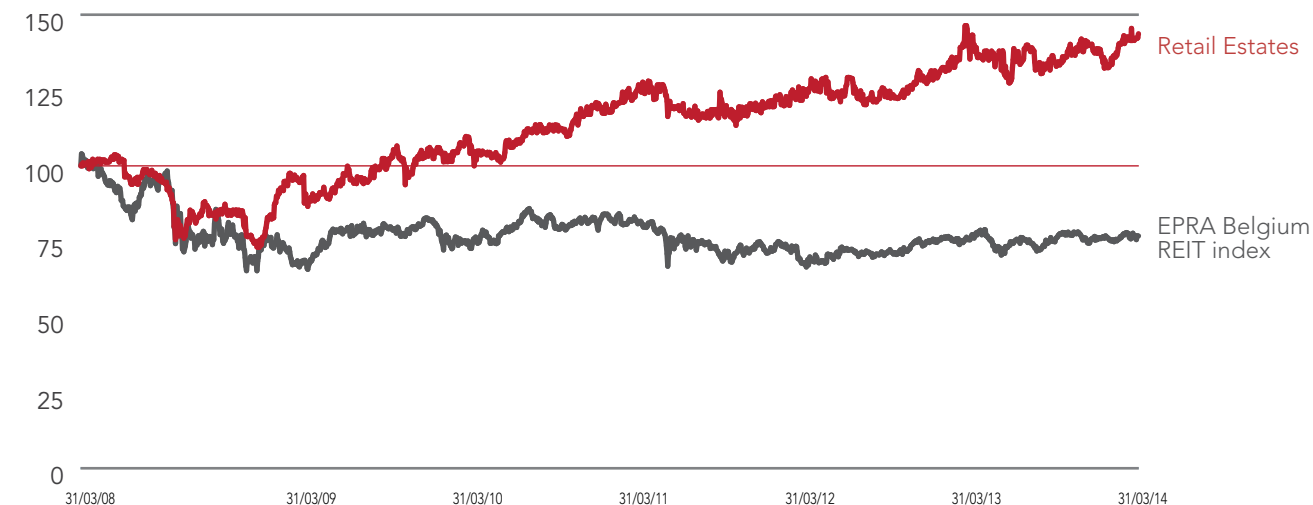
It represents a 3.44 % increase compared to the dividend received for the financial year that ended on 31 March 2013.

PREMIUMS AND DISCOUNTS

The intrinsic value of the share in the past year, with real estate valued at 'fair value', increased from EUR 46.38 on 31 March 2013, to EUR 48.90 on 31 March 2014 (including the dividend).

The net asset value (i.e. real value including the dividend, but excluding the value of the financial instruments) is EUR 52.17, compared to EUR 51.56 in the previous year. This increase is due to the positive variances in the value of the investment properties and the result achieved in the financial year.

Retail Estates nv - EPRA Belgium REIT Index



REAL ESTATE INVESTMENT FUND

Risk profiles and returns within a certain category of investments can differ significantly, depending on the focus, the nature of activities, and the specific features of the company that issued the shares.

The higher the risk, the higher the return required by an investor.

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

Since its listing on the stock exchange, the performance of Retail Estates nv has consistently been on a par with market norms, in line with the management's expectations at the start of the financial year, and commensurate with

the performance of other Belgian real estate investment funds with comparable occupancy rates and value growth in their real estate.

Over the past financial year, the price of the Retail Estates nv share has increased by 1.58 %. The EPRA Belgian REIT index increased by 2.50 %.

LINEAR BONDS

Some investors regard real estate as a bridge between an investment in shares on the one hand, and a bond investment or a treasury note on the other. The dividend return of Retail Estates nv over the past financial year (with a gross dividend of EUR 3.00) is 5.36 %, relative to the closing price of the share (excluding the dividend). The ten-year interest rate for linear bonds is 2.19 % on 31 March 2014.

2. DEMATERIALISATION OF BEARER SHARES

LEGAL CONTEXT

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

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

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

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

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

From 1 January 2015, any securities with unknown beneficiary owners will be offered for sale in accordance with Article 11 of the above law.

MEASURES FOR IMPLEMENTING CHANGES TO LEGISLATION

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

3. LIQUIDITY PROVIDER

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

The 12-month fee for the past financial year amounts to EUR 0.05 million (excluding VAT).

4. SHAREHOLDERS' AGENDA

The annual shareholders' meeting and the publication of the 2013-2014 annual results will be held in the offices of Retail Estates nv, Industrielaan 6, Ternat, Belgium, on Friday 4 July 2014 at 10:00 a.m.

Dividend made available for payment	11 July 2014
Announcement half-yearly results	28 November 2014
Announcement annual results of the financial year 2014-2015	22 May 2015



ECONOMIES OF SCALE

REAL ESTATE REPORT

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

Real estate report

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

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

For prime locations, tenants are currently paying annual rents of EUR 120/m² in major conurbations, and EUR 100/m² in smaller ones, with returns on high-end prime market locations between 6 % and 6.50 %. Ten years ago, the highest rents amounted to EUR 75/m² per year, and returns were between 9 % and 10 %.

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

These two factors – i.e., the increase in the average rent and the decrease in the average return – have reinforced the growth in value of properties at prime locations over the past ten years. Today, the Belgian market of out-of-town retail properties is characterised by considerable stability among long-term investors and tenants.

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

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

Most tenants 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

570,870 m²
retail area



show an increasing interest in this type of real estate.

Ten institutional investors are now highly active in this segment. Generally speaking, Belgium has very few integrated retail parks, comparable with those found close to every conurbation in countries like the United Kingdom and France. Retail parks in Belgium tend to be small, and are mostly situated in the French-speaking part of the country (Wallonia). The number of foreign institutional investors has decreased over the past year.

A majority of these 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 introduced after the regionalisation of the place of business policy, which will become effective on 1 July 2014.

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

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

2. THE REAL ESTATE PORTFOLIO

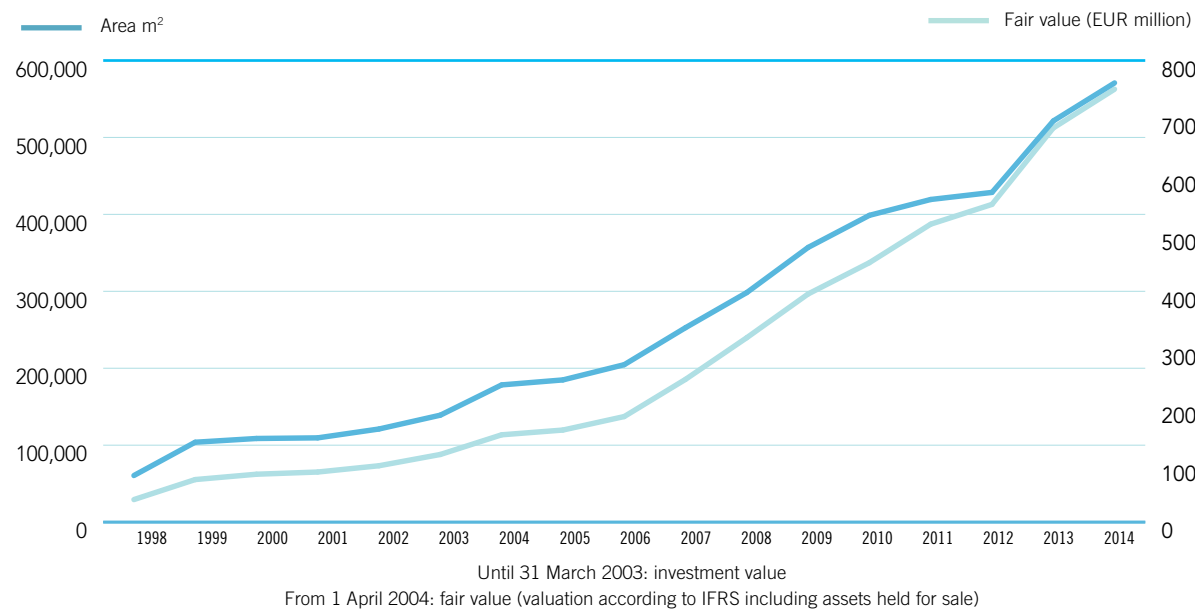
INVESTMENT STRATEGY AND PROFILE

Since 1998, Retail Estates nv has been investing in out-of-town retail properties, alongside roads. Over a period of 16 years, it has established a significant portfolio which, on 31 March 2014, consists of 548 retail properties, covering a total built-up retail area of 570,870 m². Their fair value totals EUR 750.30 million. The investment value of the real estate portfolio amounts to EUR 768.69 million.

Compared to 31 March 2013, the value of the real estate portfolio of the real estate investment fund has increased by 10.40 %. This is the result of acquisitions, as well as the delivery of several properties under its own development.

The occupancy rate is 98.17 %.

Growth portfolio Retail Estates nv between 1998 and 2014



Type of building

Definitions

Individual suburban retail properties are individual retail properties adjacent to the public highway. Every outlet has its own car park and entrance and exit roads, connecting it to the

public highway, and making it easily recognisable. In the immediate vicinity, there are, in principle, no retail properties of the same kind.

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

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

Other real estate consists mainly of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. The Erembodegem site was leased in its totality to Brantano nv under a 10-year lease agreement that ends on 31 May 2024. Retail Estates nv only invests in real estate properties used for

the aforementioned purposes if they are already embedded in a retail property or are part of a real estate portfolio that can only be acquired as a whole.

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

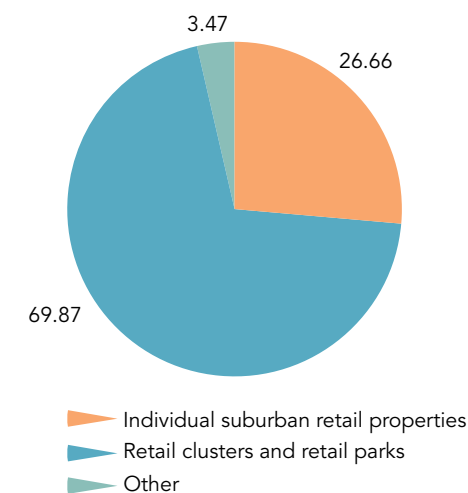
Geographical spread

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

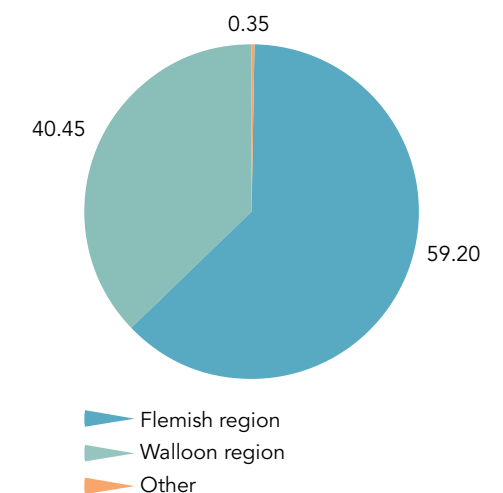
Since then, the ratio has changed, with 59.20 % of the portfolio located in the Flemish Region, compared to 40.45 % in the Walloon Region. These figures are more in line with the way in which the population is distributed across the two regions.

Now, Retail Estates nv also has one retail property

TYPE OF BUILDING



GEOGRAPHICAL SPREAD

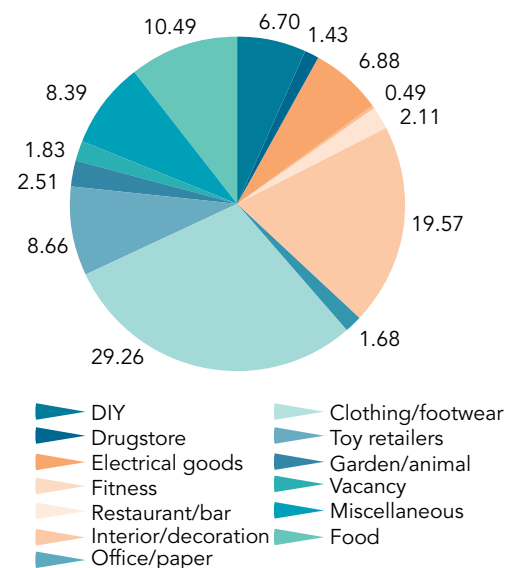


in the Brussels Region and one retail property, let to three tenants, in the Grand Duchy of Luxembourg. The Brussels Region hardly knows peripheral real estate and is therefore not actively observed by Retail Estates nv. The Grand Duchy of Luxembourg however, is actively observed, but the enormously higher rental prices in this market provokes a raised alertness.

Commercial activities of tenants

Retailers selling footwear and clothing (29.26 %, compared to 28.80 % last year) and retailers selling food, electrical products and toys, account for more than 55 % of the leased surface area. Both categories provide a stable basis, because they are the least sensitive to economic fluctuations. Moreover, the socio-economic permits for these activities are the most difficult to obtain. This is conducive to an increase in the value of the properties on the one hand and a stronger loyalty to the location on the other.

COMMERCIAL ACTIVITIES OF TENANTS



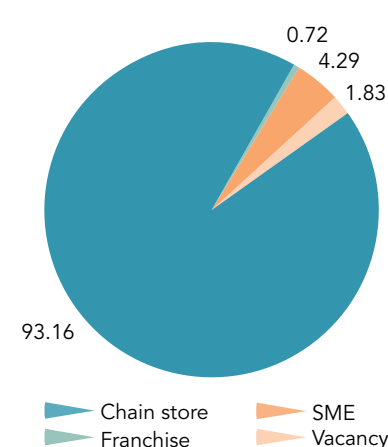
In the home furnishing sector, which has the biggest margins, there is scope for significant rent increases in favourable economic times. However, this sector is hit hardest when consumer confidence wanes. The share of this segment in the real estate portfolio of Retail Estates nv remains at the same level (19.57 % compared to 19.37 % last year).

Tenants: chain stores versus others

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

For the purposes of this analysis, 'chain store' shall mean a large retail company with at least five sales outlets and central accounting. Already in 1998, the company was letting out 82 % of its properties to chain stores of this kind. Today, that figure is 93.16 %. These tenants are less sensitive than local independent SMEs to changing conditions in the local market. A temporary local

TENANTS: CHAIN STORES VERSUS OTHERS



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-

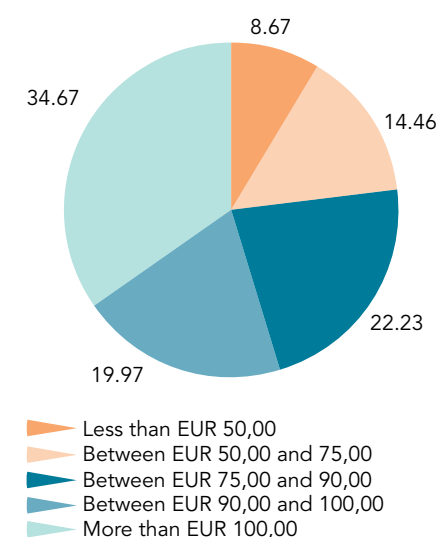
term contracts offer investors, because the tenant is bound by the rent and will not be keen to renegotiate the rent for fear of putting the outlet at risk.

The average contractual rent per m² amounts to EUR 90.78 per year. Compared to 1998 (EUR 61.15/m²) this represents an increase of 32.63 %. This increase is partly due to inflation and rent increases and partly due to the increase in the number of recently established retail properties, which, due to the higher market prices, are typically rented out at higher prices than the average of the existing real estate portfolio.

Top 20 tenants

The top 20 tenants of Retail Estates nv represent 51.97 % of the gross rental income, and 47.91 % of the total surface area of the properties in the real estate portfolio. In absolute figures, Brantano nv represents 8.69 % of the rent collection. Brantano nv is followed by Piocheur nv and its affiliated companies of the Blokker group (5.46 %), FUN nv (4.07 %), Krēfel nv (3.78 %) and Carpetland nv (3.25 %).

RENT PER M²



Summary of key figures

RETAIL ESTATES			
	31.03.14	31.03.13	31.03.12
Estimated fair value	745,916,000	675,593,000	537,472,000
Yield in % (investment value)	6.93%	6.99%	6.99%
Contractual rents	51,144,211	45,618,847	37,154,574
Contractual rents incl. rental value of vacant buildings	51,823,578	46,580,232	38,470,278
Total m² in portfolio	570,870	521,452	412,628
Number of premises	548	499	451
Occupancy rate in %	98.17%	98.13%	98.19%
Total m² under development	1,800	30,000	55,000

Important note

On 31 March 2014, the real estate portfolio of Retail Estates nv consists of real estate properties owned by Retail Estates nv and its subsidiaries.

Real estate portfolio of Immobilière Distri-Land nv

On 31 March 2014, the real estate portfolio of Immobilière Distri-Land nv consists of 12 retail properties that have been rented out completely.

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

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

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
ANTWERP	Cluster Antwerp-North	Bredabaan 964-968, 2170 Merksem		L&L RETAIL BELGIUM SA			
		Bredabaan 1205-1215		FUN BELGIUM NV			
		2900 Schoten		LEGIO IMMO BELGIUM NV			
				KREFEL NV			
				ORCHESTRA-PREMAMAN NV			
				MEDINA NV			
				L.TORFS NV			
				HET BROEKENPALEIS NV			
				JBC NV			
			14,647		2,030,517.81	2,191,955.00	28,924,726.54
	Cluster Antwerp-South	Boomsesteenweg 649-651, 2610 Wilrijk		HANDELSMAATSCHAPPIJ			
				PAUL LAMBRECHTS NV			
		Boomsesteenweg 652, 2610 Wilrijk		KREFEL NV			
				OBEY NV			
		Boomsesteenweg 941-945, 2610 Wilrijk		RESIDENTIAL (VACANT)			
				CARPETLAND NV			
				KEUKENONTWERPERS NV			
		Antwerpsesteenweg 65, 2630 Aartselaar		FLEETCARE BVBA			
				TECHNICAL FLEET SUPPORT			
		Boomsesteenweg 62-68/86, 2630 Aartselaar		CENTER BVBA			
				PRO-DUO NV			
				SCHRAUWEN SANITAIR EN			
			24,153		2,183,176.08	2,791,000.00	25,036,378.45
	Cluster Lier	Donk 54/1-54/4, 2500 Lier		ANISERCO NV			
				HEYTENS			
		Antwerpsesteenweg 308/366, 2500 Lier		NEW VANDEN BORRE NV			
				D&D INTERIEUR NV			
				BRANTANO NV			
				KREFEL NV			
				SLAAPADVIES BVBA			
				BELGACOM MOBILE NV			
			8,293		772,575.70	912,230.00	7,516,654.27
				FUN BELGIUM NV			

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value	
BRUSSELS	Cluster Mechelen-North	Oscar Van Kesbeeck-laan 7, 2800 Mechelen		PRIMO STADION NV MAXI ZOO BELGIUM BVBA BRANTANO NV				
		Elektriciteitsstraat 39, 2800 Mechelen		VEDEA 1885 - DE KROON NV LEEN BAKKER BELGIE NV				
		Guido Gezellelaan 6-20, 2800 Mechelen		NEW VANDEN BORRE NV RESIDENTIAL (VACANT)				
		Rode Kruisplein 20, 2800 Mechelen		DANS- EN EXPRESSIE VZW PRO-DUO NV				
		Liersesteenweg 432, 2800 Mechelen		DEVRESSE SA BABYDUMP BV PIOCHEUR NV FUN BELGIUM NV				
			13,919		1,238,002.40	1,436,525.00	17,718,965.75	
	Cluster Mechelen-South	Brusselsesteenweg 437-441, 2800 Mechelen		INTRES BELGIUM XP BVBA SC RETAIL NV BRANTANO NV				
		Geerdegemstraat 148, 2800 Mechelen		NEW VANDEN BORRE NV REDISCO BVBA TRENDY FASHION NV RESIDENTIAL (VACANT) LEGIO IMMO BELGIUM NV				
				7,410		878,771.15	866,945.00	8,617,035.61
		Individual suburban retail properties and others	Slachthuisstraat 27, 2000 Antwerpen		ALDI RIJKEVORSEL NV CARPETLAND NV HUBO BELGIE NV			
Frans Beirenslaan 51, 2150 Borsbeek								
Geelsebaan 64, 2460 Kasterlee								
Nekkerspoelstraat 447, 2800 Mechelen								
		5,376		540,762.57	531,970.00	7,644,552.14		
BRUSSELS	Individual suburban retail properties and others	Jerusalemstraat 48-50, 1030 Schaarbeek		ALDI CARGOVIL-ZEMST NV RESIDENTIAL				
		Charleswoestlaan 219-312, 1090 Jette						
			864		68,229.41	69,100.00	257,301.38	

Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value	
Cluster Ath	Chaussée de Bruxelles 60, 7800 Ath		EURO SHOE GROUP NV	534,983.96	632,400.00	6,441,811.49	
			AGIK SPRL				
			JT DOM SCRLFS				
			KRUIDVAT BVBA				
			MATCH SA				
			ORCHESTRA-PREMAMAN NV				
			ZEEMAN TEXTIELSUPERS NV				
			ALLO TELECOM SA				
			PIOCHEUR NV				
			ELECTRO AV NV				
DEVRESSE SA							
ALKEN MAES NV							
CHENNEVIER BERTRAND							
MONI SPRL							
5,270							
Cluster Aiseau-Presles		Rue du Campinaire 72-82, 6250 Aiseau-Presles		OMEGA NV	619,511.42	619,513.53	10,564,831.99
				RSDECO			
				AVEVE NV			
				VACANT			
				ALDI GEMBLOUX SA			
	EURO SHOE GROUP NV						
8,051							
Cluster Tournai	Rue des Roselières 10/14, 7503 Froyennes Rue des Roselières 3, 7503 Froyennes Rue de Maire 13A- C/18E, 7503 Froyennes		CHAUSSURES MANIET SA	598,814.31	695,100.00	5,530,979.40	
			MOBELCO MEUBLES				
			CARPETLAND NV				
			HEYTENS				
			VACANT				
			PIOCHEUR NV				
			CARGLASS NV				
			BRSL SPRL				
7,030							

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value	
	Individual suburban retail properties and others	Route de Philippeville 402/422, 6010 Couillet		BRANTANO NV				
		Route Nationale 5, 6041 Gosselies		CARPETLAND NV				
		Rue Tahon 45, 6041 Gosselies		CHARLES VOGELE BELGIUM NV				
		Route de la Basse Sambre 713, 6060 Gilly		WIBRA BELGIE NV				
		Avenue du Centenaire 50, 6061 Montignies-sur-Sambre		MEGA STORE SPRL				
		Rue de la Persévérance 7-13, 6061 Montignies-sur-Sambre		SAY SPRL				
		Rue de Leernes 2, 6140 Fontaine-l'Évêque		JBC NV				
		Chaussée de Mons 322-324, 6150 Anderlues		E5 MODE NV				
		Rue Dewiest 86, 6180 Courcelles		NEW VANDEN BORRE NV				
		Rue des Français 152, 6200 Châtelet		PARDIS SA				
		Chaussée de Gilly 38, 6220 Fleurus		MATCH SA				
		Rue de Bertransart, 6280 Gerpinnes		POINT CARRE SPRL				
		Rue d'Anderlues 110, 6530 Thuin		DFA1-CENTRE FUNÉRAIRE				
		Chaussée de Binche 50/129, 7000 Mons		MARCHANT BVBA				
		Chaussée de Ghlin 26, 7000 Mons		MOBISTAR NV				
		Rue de la Station 125, 7060 Soignies		PROFI SA				
		Chaussée de Roeulx 351-353, 7060 Soignies		ALDI GEMBLOUX SA				
		Avenue de la Wallonie 6, 7100 La Louvière		DISTRILED CENTRE BVBA				
		Rue Zéphirin Fontaine 76A/140, 7130 Binche		LIDL				
		Rue des bureaux 3B, 7160 Chapelle-lez-Herlaimont		EURO SHOE GROUP NV				
		Rue du Grand Hornu 63/77, 7301 Hornu		CODDS SPRL				
		Route de Mons 107, 7390 Quaregnon		PIOCHEUR NV				
		Rue de la Taverne du Maire 3, 7503 Froyennes		CASHALLO SPRL				
		Rue Neuve Chaussée, 7600 Péruwelz		AVEVE NV				
				BRANTANO NV				
				SOCIÉTÉ D'EXPL, DES				
				MAGASINS BOUM				
				LEONARDO SPRL				
				ANISERCO NV				
				MAXI TOYS BELGIUM SA				
				REDISCO BVBA				
				BASSANI SPRL				
				MC DONALD'S BELGIUM INC,				
				JCDECAUX BILLBOARD SA				
				DELHAIZE GROEP				
				FABRIMODE NV				
				ACTION BELGIUM BVBA				
			37,796			3,181,712.26	3,160,495.83	34,578,819.56

Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
Cluster Genk-Hasseltweg	Hasseltweg, 3600 Genk Wilde Kastanjelaan 3, 3600 Genk		VAN BEUREN INTERIORS BVBA KVIK A/S GOBREL SA TOYCHAMP BELGIUM NV SEATS AND SOFAS NV ALDI HEUSDEN-ZOLDER BUDGETSLAGER NV			
		7,413		598,327.07	614,825.00	6,760,979.97
Cluster Lanaken	Maaseikersteenweg 197, 3620 Lanaken		AVA PAPIERWAREN NV E5 MODE NV SC RETAIL NV TOYCHAMP BELGIUM NV			
		4,150		333,992.49	352,750.00	5,330,304.00
Cluster Lommel	Binnensingel 46-54, 3920 Lommel		AVA PAPIERWAREN NV SPORTSDIRECT.COM BELGIUM LIDL LEEN BAKKER BELGIE NV KREFEL NV			
		6,938		694,205.12	709,177.04	10,724,969.43
Cluster Tongeren	Luikersteenweg 151, 3700 Tongeren		JBC NV L, TORFS NV ADL CONSULT BVBA PRO-DUO NV EURO SHOE GROUP NV KLEDING VOSSEN NV NEW VANDEN BORRE NV MONASHEE BVBA DREAMLAND NV FABRIMODE NV KRUIDVAT BVBA E5 MODE NV BRANTANO NV C,C,I,T, BVBA GOBREL SA PIOCHEUR NV AVA PAPIERWAREN NV VACANT DELHAIZE GROEP LIDL ACTION BELGIUM BVBA MAXI ZOO BELGIUM BVBA DESCARTO BVBA LEEN BAKKER BELGIE NV DELIEVEC BVBA GROEP L,B,M, BVBA			
		30,681		2,276,067.41	2,778,605.00	38,114,255.85

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Individual suburban retail properties and others	Genkersteenweg 160, 3500 Hasselt	10,529	PRIMO STADION NV	783,817.48	802,082.99	9,809,979.17
		Genkersteenweg 247, 3500 Hasselt		PIOCHEUR NV			
		Vredelaan 34, 3530 Houthalen		CARPETLAND NV			
		Grote Baan 212, 3530 Houthalen		GROUP GL			
		Meylandtlaan 171, 3550 Heusden-Zolder		JBC NV			
		Majoor Berbenlaan 2, 3630 Maasmechelen		LIDL			
		Klokkeplein, 3740 Bilzen		SPAR RETAIL NV			
		Stationsstraat 118, 3920 Lommel		KRUIDVAT BVBA			
				ZEEMAN TEXTIELSUPERS NV			
				RESIDENTIAL			
LIÈGE	Cluster Blegny-Barchon	Rue Champs de Tignée 4/14/20-34, 4671 Barchon		MAX BARCHON SPRL			
				LES PERES NOIRS SA			
				OPTIC BARCHON SPRL			
				CHAUD DIFFUSION SPRL			
				SAKER-GRECO			
				BRICOBA SA			
				FORSUN SA			
				INGI COIFFURE SPRL			
				JAMAGRE SPRL			
				LA CHINE WOK SPRL			
				CIRCUS BELGIUM SA			
				LA GLISSE			
				3D MANAGEMENT SPRL			
				SEPTEMBRE 1965 SPRL			
				DELHAIZE GROEP			
				LIDL			
				ATHOME DESIGN SA			
				T,C, BONCELLES SPRL			
				PHILIPPE STEVENS SPRL -			
				DIGITHOME			
			11,871		1,084,285.92	1,068,390.00	14,529,118.22

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Cluster Liège Edge of Town	Boulevard Cuivre et Zinc 1-5, 4000 Liège	14,650	ANISERCO NV	1,262,730.11	1,271,130.00	15,633,850.12
		Boulevard Frankignoul, 4000 Liège		PIOCHEUR NV			
		Boulevard Froidmont 13-23, 4000 Liège		STAR MODE SPRL			
		Boulevard Pointcaré 20-26, 4000 Liège		KREFEL NV			
				MAXI TOYS BELGIUM SA			
				QUICK RESTAURANTS SA			
				LEEN BAKKER BELGIE NV			
				LA GRANDE RECRE BELGIQUE SPRL			
				BURO MARKET NV			
				ALDI VAUX-SUR-SURE SA			
	Cluster Liège-Herstal	Rue des Naiveux 16/24B/40/44, 4040 Herstal	5,204	GOBREL SA	633,096.37	634,480.00	4,834,106.52
		Rue des Naiveux 7, 4040 Herstal		L&L RETAIL BELGIUM SA			
		Rue Arnold Delsupexhe 66B, 4040 Herstal		CHARLES VOGELE BELGIUM NV			
				NEW VANDEN BORRE NV			
				REDISCO BVBA			
				AVA PAPIERWAREN NV			
	Cluster Verviers	Boulevard des Gérardchamps 118, 4800 Verviers	32,287	DELHAIZE GROEP	3,016,579.50	2,990,120.00	45,118,201.13
		Rue de la Station 8, 4800 Verviers		GEMEENSCHAP DELHAIZE/ TOM&CO/LEENBAKKER			
				ANISERCO NV			
				LEEN BAKKER BELGIE NV			
				DECATHLON BELGIUM NV			
				MC DONALD'S RESTAURANTS BELGIUM NV			
				SECUREX CORPORATE			
				MIAMI SUN SPRL			
				ING BELGIQUE SA			
				PHARMACIES POPULAIRES DE			
				VERVIERS ET ARR, SCRL			
				DREAMLAND NV			
				PRO-DUO NV			
				GROEP BOSSUYT BELGIE NV			
				ELECTRO AV NV			
				SND SA			
				EGGO SA			
				MAISONS DU MONDE			
				PARFUMERIE ICI PARIS XL SA			
				CHAUSSEA,BEL SPRL			
				L&L RETAIL BELGIUM SA			
				3D MANAGEMENT SPRL			
				JBC NV			
				DELIMMO SA			
				MAXI ZOO BELGIUM BVBA			
				PAPETERIE,BE SPRL			
				KRUIDVAT BVBA			
				EDCOM SCRL			
			32,287		3,016,579.50	2,990,120.00	45,118,201.13

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Individual suburban retail properties and others	Rue de Chafnay 5-7, 4020 Jupille-sur-Meuse		PROFI SA EURO SHOE UNIE NV			
		Rue Servais Malaise 29-31, 4030 Grivegnée		JBC NV SERAING DISCOUNT POINT CARRE SPRL			
		Rue de Sewage 3, 4100 Seraing		BRANTANO NV EUROVENTES SPRL			
		Route du Condroz, 4120 Neupré		LIDL GREEN TRADING NV			
		Avenue Laboulle 17, 4130 Tilff		MAGIC VIDEO SA F,B,P, SPRL			
		Rue de Huy 63, 4280 Hannut		ACTION BELGIUM BVBA SINISTRI CHRISTOPHE ZHOU SHAODE			
		Chaussée Romaine S/N, 4300 Waremmme		ZANIMO SPRL VACANT			
		Quai d'Arona 16, 4500 Huy		CARGLASS NV BLEU CITRON SPRL			
		Rue Joseph Wauters 25A, 4500 Huy		ANISERCO NV RESIDENTIAL			
		Avenue du Bosquet 3, 4500 Huy		EURO SHOE GROUP NV			
		Chaussée de Tirlemont 17, 4520 Wanze					
		Grand Route 502, 4610 Beyne-Heusay					
		Rue du Bay-Bonnet, 4620 Fléron					
		Avenue Reine Astrid 236/242, 4900 Spa					
		Boulevard des Anglais, 4900 Spa					
		Rue du Chalet 95, 4920 Aywaille					
			20,825		1,702,116.71	1,738,025.00	19,490,404.93
LUXEMBOURG	Cluster Libramont	Avenue de Bouillon 54, 6800 Libramont		PARTY 2000 SPRL MEUBLES DOURET ET FILS			
		Rue de Neufchâteau 5, 6800 Libramont		BRICO ARDENNE SPRL KREFEL NV			
		Rue de Libin 2/2A, 6800 Libramont		AVA PAPIERWAREN NV			
		L'Aliénau 18, 6800 Libramont					
			7,999		711,229.72	682,384.00	10,543,727.22

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Cluster Marche-en-Famenne	Avenue de France, 6900 Marche-en-Famenne		MAXI TOYS BELGIUM SA VACANT ZEEMAN TEXTIELSUPERS NV C&A BELGIE CV DECORAMA SA LEEN BAKKER BELGIE NV JMBA SPRL PIOCHEUR NV BASILE FAMILY SPRL H&M HENNES & MAURITZ SA VACANT EUROVENTES ELECTRO AV NV FOLLOW UP SPRL HUBO BELGIE NV			
		Chaussée de Liège 13, 6900 Marche-en-Famenne					
		Rue du parc Industriel 5/13, 6900 Marche-en-Famenne					
			15,183		1,267,888.40	1,313,740.00	16,536,687.51
	Individual suburban retail properties and others	Rue de Marche 104, 6600 Bastogne		JBC NV GB RETAIL ASSOCIATES SA ZEEMAN TEXTIELSUPERS NV			
		Avenue de la Gare, 6720 Habay-la-Neuve		MAXI MARKET SPRL GOBREL SA MAKE SPRL VACANT			
		Rue de la Vallée 100-108, 6780 Messancy		ALDI VAUX-SUR-SURE SA OMEGA NV LIDL			
		Rue de la Girafe 21/25, 6830 Bouillon					
			10,779		718,205.79	775,770.00	12,408,398.54
NAMUR	Cluster Dinant	Tienne de l'Europe, 5500 Dinant		BRANTANO NV ELECTRO AV NV LEEN BAKKER BELGIE NV CASSIS SA CHARTEX SA PAREE PIERRE NMD SPRL C&A BELGIE CV			
			5,330		492,029.21	479,700.00	6,445,757.94
	Cluster Gembloux	Campagne d'Enée 1-11, 5030 Gembloux		EGGO SA VANDEN BERGH SA VACANT AVA PAPIERWAREN NV AUGEM SPRL ELECTRO AV NV TOUT CONFORT SPRL DEVRESSE SA DISTRILED CENTRE BVBA LIDL			
			8,211		759,093.46	794,960.00	11,774,949.48

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Cluster Namur- North	Rue de Sardanson 20, 5004 Bouge	14,867	FAST FOOD SPRL SECONDE VIE SPRL VACANT C&A BELGIE CV CARREFOUR BELGIUM SA PIOCHEUR NV E5 MODE NV BRANTANO NV SND SA NCD SA ALDI GEMBLOUX SA MAISONS DU MONDE TIAN BAO SPRL	1,414,682.41	1,483,300.00	18,823,350.65
		Chaussée de Louvain 261, 5004 Bouge					
		Rue Louis Albert 5/6/7, 5020 Champion					
		Chaussée de Louvain 562-564, 5020 Champion					
	Cluster Namur- South	Avenue Prince de Liège 115-117, 5100 Jambes	6,175	NEW VANDEN BORRE NV BRANTANO NV QUICK RESTAURANTS SA KREFEL NV	496,395.44	497,814.00	7,276,344.64
		Chaussée de Liege, 5100 Jambes					
		Chaussée de Marche 570, 5101 Erpent					
	Cluster Philippeville	Rue de Neuville, 5600 Philippeville	2,936	EURO SHOE GROUP NV C&A BELGIE CV ALDI GEMBLOUX SA	236,176.45	411,040.00	275,033.07
	Cluster Sambreville	Rue Baty des Puissan- ces 1/11/12/27, 5190 Jemeppe-sur-Sambre	5,045	BRICO BELGIUM NV BRANTANO NV MAXI TOYS BELGIUM SA SOCIÉTÉ D'EXPL, DES MAGASINS BOUM GOBREL SA VACANT	340,240.72	479,275.00	4,086,692.33
	Individual suburban retail properties and others	Ancien Rivage 73, 5020 Malonne	3,227	ANISERCO NV BRANTANO NV MAXI TOYS BELGIUM SA NEW VANDEN BORRE NV	328,717.95	310,870.00	3,878,624.42
		Chaussée de Wavre 42B, 5030 Gembloux					
Avenue Reine Elisabeth, 5300 Andenne							
Avenue de la Belle Mine 24, 5300 Andenne							

Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
Cluster Dendermonde-Mechelsestwg	Leopold II-laan, 9200 Dendermonde	15,037	DELHAIZE GROEP BELLOLI BVBA DISTRI DENDERMONDE-TONGEREN LEEN BAKKER BELGIE NV FUN BELGIUM NV BASIC FIT BELGIE KREFEL NV RESIDENTIEEL (VACANT) GAM NV KRUIDVAT BVBA	1,322,930.31	1,654,070.00	7,627,022.04
	Mechelsesteenweg 35/51/136/138D/140, 9200 Dendermonde Oude Vest 70, 9200 Dendermonde					
Cluster Eeklo	Stationsstraat 76 – Krügercenter, 9900 Eeklo	13,142	MAGIC SUN 2 VOF VACANT DAMART TSD NV HUNKEMÖLLER BELGIUM NV HANS ANDERS BELGIE BVBA L&L RETAIL BELGIUM SA L,TORFS NV C&A BELGIE CV PRIMO STADION NV LIDL PIOCHEUR NV HEMA BELGIE BVBA NEW VANDEN BORRE NV JBC NV GB RETAIL ASSOCIATES SA FITFORM CHARLES VOGELE BELGIUM NV BRICO BELGIUM NV ELECTRO AV NV BELSAY NV TEAROOM DE KRUGER BVBA BRANTANO NV	1,372,009.55	1,238,235.00	18,332,206.90
	Gentsesteenweg 1a, 9900 Eeklo					
Cluster Ghent-South	Kortrijksesteenweg 1036/1149/1178/1192B/1200, 9051	13,718	FUN BELGIUM NV AS ADVENTURE NV HEYTENS GDW-GENT BV FINSBURY PROPERTIES NV NEW VANDEN BORRE NV KREFEL NV DEUTSCHE BANK EUROPE GMBH PIOCHEUR NV PRIMO STADION NV CAVRILO NV CARPETLAND NV	1,553,345.17	1,730,064.00	19,237,531.03
	Sint-Denijs-Westrem Wallekensstraat 24-28, 9051 Sint-Denijs-Westrem Kortrijksesteenweg 1206, 9051 Sint-Denijs-Westrem					

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Cluster Sint-Niklaas	Parklaan 50/87, 9100 Sint-Niklaas	5,736	IXINA BELGIUM NV	592,720.68	568,830.00	5,138,556.81
		Plezantstraat 268, 9100 Sint-Niklaas		ELECTRO AV NV			
		Kapelstraat 119, 9100 Sint-Niklaas		RESIDENTIAL FUN BELGIUM NV ALDI ERPE-MERE NV IMETAM BVBA			
	Individual suburban retail properties and others	Fratersplein 11, 9000 Gent		LIDL			
				POER-VOE BVBA			
		Brusselsesteenweg 662, 9050 Gentbrugge		MUYS NV			
				JBC NV			
		Maisstraat 3, 9060 Zelzate		DAMART TSD NV			
				BRUYNZEEL KEUKENS NV			
		Antwerpsesteenweg 84, 9080 Lochristi		CARPETLAND NV			
				BRANTANO NV			
		Brusselsesteenweg 75, 9090 Melle		KREFEL NV			
				LEGIO IMMO BELGIUM NV			
		Puitvoetstraat 16, 9100 Sint-Niklaas		RESIDENTIAL WALAUT NV			
				ALDI ERPE-MERE NV			
		Zelebaan 67/79, 9160 Lokeren		MODEMAKERS FASHION NV			
				OMEGA			
		Oosterzelesteenweg 127, 9230 Wetteren		PLAZA GENT BVBA			
				PROFI SA			
		Grote Baan 154, 9250 Waasmunster					
		Brusselsesteenweg 120, 9300 Aalst					
		Gentsesteenweg 442, 9300 Aalst					
		Kwadelapstraat 2, 9320 Erembodegem					
		Brakelsesteenweg 160, 9400 Ninove					
		Astridlaan 38, 9500 Geraardsbergen					
		Provincieweg 266, 9550 Herzele					
		Noordlaan 5, 9630 Munkzwalm					
		Ronseweg 56, 9700 Oudenaarde					
		Astenemolenstraat, 9800 Deinze					
	Kortrijksesteenweg 18, 9830 Sint-Martens-Latem						
	Stationsstraat 162, 9890 Gavere						
			46,662		3,843,541.85	3,597,260.00	51,266,664.52

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
FLEMISH BRABANT	Cluster Brussels South-West	Verlengde Stallestraat 200/Nieuwe Stallestraat 219, 1620 Drogenbos	4,138	AS ADVENTURE NV NEW VANDEN BORRE NV BRANTANO NV	565,798.03	703,460.00	6,723,455.73
		Edingsesteenweg 75, 1500 Halle Bergensesteenweg 162/ 420a/460, 1500 Halle Demaeghtlaan 216- 218, 1500 Halle	7,456	SC RETAIL NV DEVRESSE SA AVEVE NV BRANTANO NV GEE CONCEPT BVBA BRANTANO NV	518,932.80	702,220.00	6,093,684.21
	Cluster Kampenhout	Mechelsesteenweg 44/46/89(B)-93, 1910 Kampenhout	4,536	EURO SHOE GROUP NV FABRIMODE NV NORDEX NV ORCHESTRA-PREMAMAN NV ZEEMAN TEXTIELSUPERS NV PIOCHEUR NV B&C KEUKENS NV	433,870.12	521,640.00	2,107,681.89
		Tiensesteenweg 370/393/410, 3360 Korbeek-Lo	4,047	LOVANIX BVBA SANTANA INTERNATIONAL NV FUN BELGIUM NV	474,572.77	448,530.00	5,304,666.96
	Cluster Sint- Joris-Winge	Aarschotsesteenweg 9, 3390 Sint-Joris-Winge	6,371	AS ADVENTURE NV FUN BELGIUM NV BRANTANO NV	810,381.55	759,100.00	12,498,582.95
		Leuvensesteenweg 375, 1930 Zaventem Leuvensesteenweg 8, 1932 Sint-Stevens- Woluwe Jozef Van Damstraat 3C, 1932 Sint-Stevens- Woluwe	13,950	CARPETLAND NV VONIKA BVBA E-LOGISTICS NV BELGA FILMS SA PROMO SAPIENS NV SND SA ANISERCO NV SPAR RETAIL NV ZEEMAN TEXTIELSUPERS NV KRUIDVAT BVBA	1,015,345.55	1,026,780.00	13,770,101.91

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
	Individual suburban retail properties and others	Waterloosesteenweg 39, 1640 Sint-Genesius-Rode	15,777	CEMEPRO SPRL	1,455,035.44	1,405,925.00	15,611,303.97
				BRANTANO NV			
				JBC NV			
		Ninoofsesteenweg 386, 1700 Dilbeek		DEVOTEC BVBA			
				RESIDENTIAL			
		Assesteenweg 66, 1740 Ternat		ALDI CARGOVIL-ZEMST NV			
				LEEN BAKKER BELGIE NV			
		Schaarbeeklei 115, 1800 Vilvoorde		PIOCHEUR NV			
		Goudbloemstraat 2-4, 1800 Vilvoorde					
		Waardbeekdreef 6, 1850 Grimbergen					
Hoogstraat 7/7A, 1930 Zaventem							
Brusselsesteenweg 4, 3020 Herent							
Leuvensesteenweg 166-168, 3290 Diest							
Leuvenselaan 210, 3300 Tienen							
Reizigersstraat 77, 3300 Tienen							
WALLOON BRABANT	Individual suburban retail properties and others	Avenue Reine Astrid 4-6, 1300 Wavre	9,032	BRANTANO NV	858,709.87	1,039,565.00	11,790,557.73
		PIOCHEUR NV					
Rue Pont du Christ 32, 1300 Wavre		DELITRAITEUR SA					
		VACANT					
Rue des Volontaires 4, 1332 Genval		BRICO BELGIUM NV					
		PARDIS SA					
Rue du Bosquet 10(A), 1370 Jodoigne		CARPETLAND NV					
		CHAUSSURES MANIET SA					
Avenue du Centenaire 42, 1400 Nivelles							
Rue du Tienne à deux vallées 3, 1400 Nivelles							
Brusselsesteenweg 551, 1410 Waterloo							
Grand Route 49, 1435 Corbais							

Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
Cluster Bruges- North	Sint-Pieterskaai 20-21, 8000 Brugge	14,097	GOBREL SA	1,175,176.71	1,305,440.00	16,372,714.37
	Sint-Pieterszuidstraat en Veemarktstraat, 8000 Brugge		HEMA BELGIE BVBA			
			VACANT			
			LIDL			
			EURO SHOE GROUP NV			
			ADL CONSULT BVBA			
			IDEWE VZW			
			DREAMBABY NV			
			LEEN BAKKER BELGIE NV			
			ACTION BELGIUM BVBA			
OMEGA						
MAXI ZOO BELGIUM BVBA						
REDISCO BVBA						
ZEEMAN TEXTIELSUPERS NV						
Cluster Bruges-East	Maalsesteenweg 42/166/255, 8310 Sint-Kruis	2,484	CARPETLAND NV C&A BELGIE CV PICARD BELGIE NV	318,741.10	307,980.00	4,603,138.00
Cluster Kortrijk- North	Ringlaan 11/32, 8500 Kortrijk	13,529	I & S FASHION NV	1,001,542.74	1,271,255.00	10,688,636.04
	Ter Ferrants 1-4, 8520 Kuurne Ringlaan Noord 4, 8520 Kuurne		IMETAM BVBA			
			L,TORFS NV			
			DE MAMBO BVBA			
			VACANT			
			ETS, INFORMATICS			
			NEW VANDEN BORRE NV			
			LEEN BAKKER BELGIE NV			
			AVA PAPIERWAREN NV			
			ACTION BELGIUM BVBA			
PRIMO STADION NV						
CARPETLAND NV						
Cluster Roeselare	Brugsestraat 377, 8800 Roeselare	12,903	BRICO BELGIUM NV	1,306,347.64	1,216,120.00	15,932,351.60
	Brugsesteenweg 363/356A-356C/508 510/524, 8800 Roeselare		PIOCHEUR NV			
			ANISERCO NV			
			IMETAM BVBA			
			BELGIAN POSTERS			
			SEATS AND SOFAS NV			
			OMEGA NV			
			NEW VANDEN BORRE NV			

Province	Cluster	Address	Gross m²	Tenants	Rental income	ERV	Acquisition value
GRAND DUCHY OF LUXEMBOURG	Individual suburban retail properties and others	Torhoutsestraat 45, 8020 Ruddervoorde	8,646	MATCH SA	741,428.68	709,005.00	12,786,628.91
		Torhoutsesteenweg 610, 8400 Oostende		IMETAM BVBA			
		Biezenstraat 16, 8430 Middelkerke	2,000	ELECTRO AV NV	454,579.12	454,579.12	6,386,423.40
		Koninklijke Baan 228, 8670 Koksijde		REDISCO BVBA			
		Gentstraat 13, 8760 Meulebeke		BRANTANO NV			
		Vijfseweg, 8790 Waregem		ALDI ROESELARE NV			
		Frankrijklaan 2, 8970 Poperinge		C&A BELGIË CV			
				OMEGA NV			
GRAND DUCHY OF LUXEMBOURG	Strassen	Route d'Arlon 345, 1445 Strassen	2,000	HEYTENS DECORLUX SA	454,579.12	454,579.12	6,386,423.40
				BRANTANO LUXEMBOURG SA			
				LES JARDINS DU LUXEMBOURG SARL			

On 31 March 2014, there are 12 unoccupied retail premises in Jodoigne, Wilrijk, Huy, Bouge, Gembloux, Jemeppe-sur-Sambre, Aiseau-Presles, Messancy, Marche-en-Famenne, Froyennes, Kuurne and Eeklo. There are also three unlet apartments, in Mechelen (2) and Dendermonde (1). Together, they represent 1.83 % of the total portfolio.

3. REPORTS OF REAL ESTATE EXPERTS

REPORT BY CUSHMAN & WAKEFIELD

This report covers 328 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 2014, which covers the portfolio of both Retail Estates and Distri-Land.

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

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

The sale of a building is in theory subject to transfer rights collected by the government. This amount depends amongst other on the transfer manner, the profile of the purchaser and the geographical situation of the building. The first two conditions and the amount to pay for the rights is only known when the sale has been

concluded. As independent experts, we confirm that on the basis of a representative sample of the market (between 2002 and 2005) the weighted average of the rights (average transfer costs) is 2.50 % (for goods with a higher value than EUR 2,500,000).

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, we have capitalised its adjusted market rent. This adjusted market rent is calculated by taking 60 % of the difference between the market rent (= estimated rental value (ERV)) and the current rent. This difference is than added to the current rent. In case the current rent is higher than the ERV, this ERV is capitalised. Moreover, corrections are considered for the difference in the current rent and the (adjusted) market rent.

The portfolio of Immobilière Distri-Land nv has as at 31.03.2014 an investment value (corrections incl.) of EUR 17.01 million and a fair value of EUR

16.60 million. The investment value, in absolute terms, increased with **1.04 %**. This gives a **yield of 7.24 %** for Immobilière Distri-Land nv.

We obtain an **investment value (corrections incl.)** as at **31.03.2014** for the **portfolio¹** of **EUR 428.41 million** and a **fair value** of **EUR 418.13 million**. On the basis of the investment value, the portfolio increases in absolute terms with **0.82 %** compared to 31.12.2013. This gives a **yield of 6.92 %** to the portfolio.”

REPORT BY CBRE

The CBRE report, dated 31 March 2014, is a report on **220** real estate properties belonging to Retail Estates nv and its subsidiaries. The **investment value** of these real estate properties is estimated at **EUR 331.22 million** and the **fair value** at **EUR 323.14 million**. These properties represent a **collectable rent** of **EUR 23.01 million**, which represents a **gross yield** of **6.80 %**.

¹ Portfolio : Retail Estates nv + Belgium Retail 1 Luxemburg sàrl + Immobilière Distri-Land nv + Tongres + Ducova bvba

SUSTAINABILITY

FINANCIAL REPORT

The reinforcement of the company's registered capital and the recently issued private bond loan allow further growth of the company.

1. A. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	Notes	31.03.14	31.03.13
Rental income	1	47,689	42,027
Rental related expenses	2	-666	-625
Net rental income		47,024	41,402
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties	3	5,002	3,638
Rental charges and taxes normally payable by tenants on let properties	4	-5,222	-4,052
Other rental related income and expenses	5	-43	-29
Property result		46,761	40,959
Technical costs	6	-1,276	-1,059
Commercial costs	7	-230	-128
Charges and taxes on unlet properties	8	-122	-140
Property management costs	9	-1,417	-1,220
Other property charges	10	0	-2
Property charges		-3,044	-2,549
Operating property result		43,716	38,410
Operating corporate costs	11	-2,400	-2,263
Other current operating income and expenses			
Operating result before result on portfolio		41,316	36,147
Result on disposals of investment properties	12	236	303
Result on sales of other non-financial assets			
Changes in fair value of investment properties	13	3,260	8,579
Operating result		44,812	45,029
Financial income	14	260	34
Interest charges	15	-16,012	-14,730
Other financial charges	16	-36	-75

INCOME STATEMENT (in € 000)	Notes	31.03.14	31.03.13
Financial result		-15,787	-14,771
Result before taxes		29,025	30,258
Taxes	17	-457	-676
Net result		28,568	29,582
Attributable to:			
Shareholders of the Group		28,568	29,582
Minority interests			
Note:			
Net current result (share Group)¹		25,072	20,700
Result on portfolio		3,496	8,882
RESULT PER SHARE	Notes	31.03.14	31.03.13
Number of ordinary shares in circulation	18	7,290,411	5,813,122
Weighted average number of shares	18	6,930,195	5,717,073
Net profit per ordinary share (in EUR)	20	4.12	5.17
Diluted net profit per share (in EUR)	20	4.12	5.17
Profit available for distribution per share (in EUR) ²	20	3.47	3.59
Net current result per share (in EUR) ³		3.62	3.62

1 The net current result is calculated as follows: net result excluding changes in fair value of investment properties and exclusive the result on disposal of investment properties.

2 Based on the number of shares in circulation.

3 The net current result per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, the net current result per share amounts to EUR 3.44 at 31.03.2014 versus EUR 3.56 at 31.03.2013.

1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	31.03.14	31.03.13
Net result	28,568	29,582
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-2,623	-1,618
Changes in the fair value of cash-flow hedges	6,210	-3,905
COMPREHENSIVE INCOME	32,155	24,059

2. CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	Notes	31.03.14	31.03.13
Non-current assets		746,245	676,003
Goodwill			
Intangible non-current assets	21	26	56
Investment properties ⁴	22	745,916	675,593
Other tangible non-current assets	21	297	352
Financial non-current assets	23		
Trade receivables and other non-current assets	24	5	2
Current assets		9,620	11,509
Non-current assets or groups of assets held for sale	25	4,385	7,488
Trade receivables	26	725	716
Tax receivables and other current assets	27	1,899	1,084
Cash and cash equivalents	28	2,189	1,879
Deferred charges and accrued income	29	421	342
TOTAL ASSETS		755,865	687,511
SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	31.03.14	31.03.13
Shareholders' equity		356,524	269,588
Shareholders' equity attributable to the shareholders of the parent company		356,524	269,588
Capital	30	160,962	129,389
Issue premiums	31	93,095	52,857
Reserves		73,900	57,760
Net result of the financial year		28,568	29,582
Minority interests			
Liabilities		399,341	417,923
Non-current liabilities		365,825	374,279
Provisions		102	125
Non-current financial debts	38	327,677	330,089
Credit institutions		327,677	330,089
Other non-current liabilities	34	38,046	44,065

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	31.03.14	31.03.13
Current liabilities		33,516	43,644
Current financial debts	38	22,421	16,577
Credit institutions		22,421	16,577
Trade debts and other current debts	35	7,992	15,645
Other current liabilities	36	86	9,246
Accrued charges and deferred income	37	3,017	2,176
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		755,865	687,511

DEBT RATIO	31.03.14	31.03.13
Debt ratio ⁵	49.10%	55.75%

NET ASSET VALUE PER SHARE (in €) - SHARE GROUP	31.03.14	31.03.13
Net asset value per share (fair value) ⁶	48.90	46.38
Net asset value per share (investment value) ⁷	51.43	49.09
Net asset value per share (fair value) excl. dividend ⁶	45.90	43.48
Net asset value per share (investment value) excl. dividend ⁷	48.43	46.19
Net asset value per share (fair value) excl. dividend excl. IAS 39 ⁸	49.18	48.66
Net asset value per share (investment value) excl. dividend excl. IAS 39 ⁹	51.70	51.37

4 Including development projects (IAS 40).

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

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

7 The net asset value per share (investment value) is calculated as follows: shareholders' equity (attributable to shareholders of the parent company) (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of property investments) divided by the number of shares.

8 The net asset value per share (fair value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

9 The net asset value per share (investment value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, exclusive changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IN € 000)	Capital ordinary shares	Issue premiums	Reserves*	Net result of the financial year	Minority interests	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2012	121,174	43,268	49,534	27,360		241,336
- Net appropriation of profits 2012-2013						
- Transfer of portfolio result to reserves			9,396	-9,396		0
- Transfer of net current result to reserves			2,857	-2,857		0
- Reclassification between reserves						0
- Dividends of the financial year 2011-2012				-15,107		-15,107
- Capital increase through contribution in kind	8,461	9,589				18,050
- Minority interests						0
- Costs of capital increase	-246					-246
- Other			1,496			1,496
- Total result 31/03/2013			-5,523	29,582		24,059
Balance according to IFRS on 31 March 2013	129,389	52,857	57,760	29,582		269,588
- Net appropriation of profits 2013-2014						
- Transfer of portfolio result to reserves			8,579	-8,579		0
- Transfer of net current result to reserves			4,145	-4,145		0
- Reclassification between reserves						0
- Dividends of the financial year 2012-2013				-16,858		-16,858
- Capital increase	32,699	39,601				72,300
- Capital increase through contribution in kind	540	636				1,176
- Minority interests						0
- Costs of capital increase	-1,667					-1,667
- Other			-171			-171
- Total result 31/03/2014			3,587	28,568		32,155
Balance according to IFRS on 31 March 2014	160,961	93,094	73,900	28,568		356,523

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2012	369	71,052	4,033	-14,145	-26,187	14,412	49,534
- Net appropriation of profits 2012-2013							
- Transfer of portfolio result to reserves		9,396					9,396
- Transfer of net current result to reserves						2,857	2,857
- Reclassification between reserves	51	-5,398	5,398	229		-280	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other		1,725 ¹⁰		-229			1,496
- Total result 31/03/2013				-1,618	-3,905		-5,523
Balance according to IFRS on 31 March 2013	420	76,775	9,431	-15,763	-30,092	16,989	57,760
- Net appropriation of profits 2013-2014							
- Transfer of portfolio result to reserves		8,579					8,579
- Transfer of net current result to reserves						4,145	4,145
- Reclassification between reserves	17	-248	248	171		-188	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other		1,820	-1,820	-171			-171
- Total result 31/03/2014				-2,623	6,210		3,587
Balance according to IFRS on 31 March 2014	437	86,926	7,859	-18,386	-23,882	20,946	73,900

¹⁰ Decrease in valuation of non-built land in Westende, processed through equity last year. This decrease is processed through a variable price adjustment in the contract.

4. CONSOLIDATED CASH-FLOW STATEMENT

CASH-FLOW STATEMENT (in € 000)	31.03.14	31.03.13
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,879	1,450
1. Cash-flow from operating activities	4,685	15,355
Operating result	44,812	45,029
Interest paid	-16,194	-15,060
Interest received	113	8
Dividends received		
Corporate taxes paid	-9,613	-6,703
Estimated corporate tax		5,417
Other	249	891
Non-cash elements to be added to / deducted from the result:	-3,369	-9,183
* Depreciations and write-downs		
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets	163	176
- Depreciation / Write-downs (or write-backs) on trade receivables		-42
* Other non-cash elements		
- Changes in the fair value of investment properties	-3,260	-8,579
- Profit on disposal of investment properties	-236	-303
* Other	-37	-435
Change in working capital requirements:	-11,313	-5,044
* Movement of assets		
- Trade receivables and other receivables	1,034	-116
- Tax receivables and other current assets	-814	132
- Deferred charges and accrued income	-82	362
* Movement of liabilities		
- Trade debts and other current debts	-1,244	4,267
- Other current liabilities	-10,958	-9,857
- Accrued charges and deferred income	751	167

(in € 000)	31.03.14	31.03.13
2. Cash-flow from investment activities	-56,061	-58,182
Purchase of intangible assets	-9	-14
Purchase of investment properties	-28,968	-48,262
Disposal of investment properties	7,214	19,299
Acquisition of shares of real estate companies	-34,226	-29,099
Disposal of shares of real estate companies		
Purchase of other tangible assets	-69	-124
Disposal of non-current financial assets		
Income from trade receivables and other non-current assets	-2	18
Disposal of assets held for sale		
3. Cash-flow from financing activities	51,685	43,256
* Change in financial liabilities and financial debts		
- Increase in financial debts	26,203	69,077
- Decrease in financial debts	-28,191	-17,662
* Change in other liabilities		
- Increase (+) / Decrease (-) in other liabilities	-102	-843
- Increase (+) / Decrease (-) in minority interests		
* Change in shareholders' equity		
- Capital increase and issue premiums	72,301	
- Costs of capital increase	-1,667	-246
* Dividend		
- Dividend for the previous financial year	-16,858	-7,070
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,188	1,879

Financial report



1. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

GENERAL COMPANY INFORMATION

Retail Estates nv ("the Company") is a fixed-capital real estate investment fund ('bevak'/'sicafi') governed by Belgian law. Its registered office is located in Ternat.

The consolidated annual accounts of the Company for the financial year which ended on 31 March 2014 comprise the Company and its subsidiaries (the "Group"). The annual accounts were approved for publication by the board of directors on 23 May 2014 and will be submitted for approval to the annual shareholders' meeting on 4 July 2014.

IMPORTANT PRINCIPLES FOR FINANCIAL REPORTING Statement of conformity

The consolidated annual accounts are drawn up in accordance with accounting standards which are consistent with the International Financial Reporting Standards as implemented by the Belgian Royal Decree of 7 December 2010 on real estate investment funds and amending the Belgian Royal Decree of 10 April 1995 on fixed-capital real estate investment funds.

Determining the fair value of the investment properties in accordance with IAS 40, the independent real estate expert deducts an estimated amount of transfer rights and costs from investment properties. The impact on the fair value of investment properties as a result of these estimated transfer rights and costs in case of a hypothetical disposal of investment properties is processed directly in the shareholders' equity on the account "Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties", as explicitly provided by the aforementioned Royal Decree. During the financial years ending on 31 March 2014 and 31 March 2013, the respective amounts of EUR 2.62 million and EUR 1.62 million were recognised directly in the shareholders' equity in this account.

Application of IFRS 3 Business Combinations
Corporate transactions of the past financial year were not processed as business combinations such as required under IFRS 3 definition, based on the conclusion that this definition is not applicable, given the nature and the size of the acquired companies. The companies in question own a limited number of properties which are not intended to be kept on as independent businesses. The companies are fully consolidated through the application of IAS 40. We refer for this matter also to note 45.

New or amended standards and interpretations, applicable in 2013

IFRS 13 – Fair Value Measurement is applicable to the financial years starting on or after 1 January 2013. This standard amends the disclosure obligations of the fixed-capital investment fund, depending on the classification of the investment properties in level 1, 2 or 3. These disclosures are included in the annual report regarding the financial year 2013-2014.

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

- IAS 19 (revised 2011) *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Government Loans* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other*

Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2013)

New or amended standards and interpretations not yet in force

The following amendments, which will be applicable as of next year or afterwards, will not have an impact on the presentation, the notes or the financial results of the Group:

- IFRS 9 *Financial Instruments and subsequent amendments* (effective date not yet determined)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

87.86%
operational margin

- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – *Levies* (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

Presentation principles

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

Below is a summary of the most important principles for financial reporting. The accounting principles

were applied consistently throughout the relevant period.

Consolidation principles

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

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

‘Control’ is defined as the ability of Retail Estates nv to determine, directly or indirectly, the financial and operational policy of the subsidiary, with the objective of acquiring benefits from the real estate activities of the given company.

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.

Only the interests held in the real estate certificate “Wickes Tournai, Mechelen,...” were eligible in this respect. This real estate certificate was sold on 31 October 2009.

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 fixed-capital investment fund acquires direct or indirect control, is part of the acquisition cost (it 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 fixed-capital investment fund (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 fixed-capital real estate investment funds (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 22 – 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 available reserves.

Expenditure for works on investment properties

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

- a) the costs of maintenance and repairs to roofs and parking areas: these are charged to the operating property result;
- b) costs of major transformation and renovation works: transformations are one-off projects that add an additional function to the building or considerably improve the existing comfort so as to increase the rental price and/or rental value. These costs relate to materials, fees, contacting works and the like. Internal management and supervisory costs are not capitalised. As soon as they are commenced, such works are included in the assessed value of the building in question (initially on a provisional basis and then definitively following a visit by the real estate expert). Work which is still to be done is deducted from the valuation; once it has been done, these costs are capitalised and thus added to the fair value of the investment properties.

Disposal of an investment property

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

Project developments

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

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

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

Other tangible non-current assets

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

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

The following annual depreciation and amortisation percentages apply:

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

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

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

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

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

Trade receivables and other non-current assets

Non-current receivables are valued on the basis of the interest rates that apply on the date of acquisition. A write-down is entered if uncertainty exists concerning the collectability of the receivable at maturity.

Real estate certificates

Valuation

1. General principle

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

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

2. Ownership of material interest (more than 75 %) in certificates issued (as of 31 March 2014, only applicable to the “Distri-Land” real estate certificates)

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

a) the fair value of the real properties owned by the issuer, similar to the valuation of the company’s own real properties. This occurs on the basis of a periodic valuation by a real estate expert hired jointly by Retail Estates nv and Immobilière Distri-Land nv. Where one or more buildings are sold by the real estate certificate issuer, the sale price shall be used as the valuation until the distribution of the sale’s proceeds;

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

Retail Estates nv only invests in certificates issued for the financing of peripheral retail properties. The real estate owned by the issuer is the type of peripheral retail properties in which Retail Estates nv aims to invest. Although Retail Estates nv is not the legal owner of this real estate, it considers itself to be the economic beneficiary, pro rata its contractual rights in ownership. In addition, an investment in real estate certificates is considered an investment in real estate pursuant to Article 2, sub. 20° of the Belgian Royal Decree of 7 December 2010 on fixed-capital real estate investment funds.

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 2014, the value of the investment properties related to the Distri-Land certificates amounts to EUR 13.10 million (EUR 15.15 million on 31 March 2013) compared to a total portfolio of EUR 745.92 million.

Processing of coupons

1. Processing of operating result

As a holder of real estate certificates, Retail Estates nv has a contractual right, pro rata to the number of real estate certificates in its possession, to a share of the operating result. This result is realised by the issuer

and is calculated by deducting the operating and maintenance expenses from the total rental income collected. The entire decrease or increase in value is recognised by re-estimating the value of the real estate certificate. As a result, the coupon should not be considered as a compensation for any reduction in value of the issuer’s buildings. For this reason, the entire coupon is treated as net rental income and is classified as turnover.

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

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

- the net proceeds, after retention of any tax withholding liability, are recognised as realised capital gain in Retail Estates nv’s accounts only for the difference between the fair value of the real estate certificate on the closing date plus the net liquidation coupon, and the fair value on the previous closing date. The fair value of the real estate certificate is calculated at each closing date by performing a valuation of the certificate holder’s contractual rights as these appear in the issue prospectus. Gains or losses that result from the fluctuation in the fair value of investment property are recognised in the income statement and incorporated in the period in which they arise, and at the appropriation of profits are assigned to the reserves available for distribution.

Non-current assets or groups of assets held for sale

This concerns real estate for which the carrying amount will primarily be realised by the sale of

the assets and not by further letting. Just like the investment properties (see above), these assets are recognised at fair value, which is the investment value less the transfer taxes.

Current assets

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

Shareholders’ equity

The capital includes the funds obtained when the company was incorporated and those received following mergers or capital increases. The third-party charges that are directly attributable to the issuance of new shares are deducted from the shareholders’ equity. When share capital recognised as equity is repurchased by Retail Estates nv, the paid amount, including directly attributable costs, is recognised as change in shareholders’ equity. Purchased own shares are presented as a decrease in the total shareholders’ equity.

Dividends are only recognised as a debt when they have been approved by the shareholders’ meeting.

Liabilities

A provision is taken if:

- Retail Estates nv has an existing – legally enforceable or actual – commitment resulting from an event in the past;

- it is probable that an outflow of funds will be required to settle the commitment; and
- the amount of the commitment can be reliably estimated.

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

Put options on minority participations in subsidiaries

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

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

Personnel benefits

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

Contributions paid during the financial year are recognised as expenses.

Property result

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

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

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

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

Property charges

The property charges are valued at the fair value of the compensation that has been paid or is due,

and are entered into the income statement using the straight-line method of the period to which they refer.

The technical costs include, among other things, structural and occasional maintenance costs and losses resulting from damage covered by the insurance companies. The commercial costs include brokers' commission fees. The property management costs mainly consist of the relevant personnel costs, the operating costs of the company's registered office, and fees paid to third parties.

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

Corporate operating costs and other current operating income and expenses

The corporate operating costs cover the fixed operating costs of the Company, which operates as a legal entity that is listed on the stock market and benefits from the fixed-capital real estate investment fund 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.

Financial result

The financial result consists of the borrowing costs and additional funding costs, such as the negative

variations in hedging instruments where these are not effective within the meaning of IAS 39, less the income from investments.

Income tax

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

Exit tax

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

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

FINANCIAL RISK MANAGEMENT

Interest rate risk

46.33 % of the Group's net assets is funded by interest-bearing debts, which makes the company subject to an interest rate risk. This risk is limited as much as possible through the pursuing of a policy of caution. The majority of the financial debts are concluded at a fixed interest rate, or at a variable interest rate that is hedged against interest rate rises by means of interest rate swaps.

Financing risk

Long-term financing is concluded in the form of "bullet loans", i.e., loans for which the principal must be paid back in full after a term of three to five years. The diversification of financing over various banks limits the Group's liquidity risk. The Group concludes 98.26 % 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 the Company. In case of non-payment, the Company generally holds a bank guarantee.

For more details, we refer to notes 38, 39 and 40.

SEGMENTED INFORMATION

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

2. OTHER NOTES

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

Note 1

Rental income (in € 000)	31.03.14	31.03.13
Rent	46,834	41,295
Guaranteed income		
Operational lease income	855	732
Rental discounts		
Rental benefits ("incentives")		
Fees for early terminated rental agreements		
Total rental income	47,689	42,027

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

Overview of the futur rental income with final expiry date (in € 000)	31.03.14	31.03.13
Within one year	3,385	2,248
Between one and five year(s)	12,443	12,889
Within more than five years	40,832	30,334

This table shows an overview of the annualised rental income in accordance with the current lease agreements. 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 20.84 % of the buildings.

For this part of the portfolio, the average rental prices increased from EUR 71.89 to EUR 91.63 per m². The granting of rent-free periods is rather rare in the market of peripheral retail properties. In the past three years, and out of a portfolio of 548 properties, a total of 72 months of rent-free periods was granted, which is negligible. Besides rent-free periods, no other material incentives are given when closing lease agreements.

Rental agreement type

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

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

Note 2

Rental-related expenses (in € 000)	31.03.14	31.03.13
Rent payable for hired assets and lease costs	-510	-516
Write-down on trade receivables	-156	-109
Total rental-related expenses	-666	-625

Note 3

Recovery of charges and taxes normally payable by tenants on let properties (in € 000)	31.03.14	31.03.13
Recharging of costs payable by tenants on let properties	2,022	855
Recharging of real estate taxes and taxes on let properties	2,980	2,783
Total recovery of charges and taxes normally payable by tenants on let properties	5,002	3,638

Note 4

Charges normally payable by tenants on let properties (in € 000)	31.03.14	31.03.13
Charges borne by the owner	-2,217	-1,188
Real estate taxes and taxes	-3,005	-2,864
Total charges normally payable by tenants on let properties	-5,222	-4,052

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

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

Note 5

Other rental-related income and expenses (in € 000)	31.03.14	31.03.13
Other rental-related income and expenses	-43	-29
Total other rental-related income and expenses	-43	-29

Note 6

Technical costs (in € 000)	31.03.14	31.03.13
Recurrent technical costs	-1,095	-934
Structural maintenance	-1,095	-934
Non-recurrent technical costs	-180	-125
Occasional maintenance	-172	-127
Claim events covered by insurance companies	-86	-50
Compensations received from insurance companies	78	53
Total technical costs	-1,276	-1,059

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 7

Commercial costs (in € 000)	31.03.14	31.03.13
Brokers' commissions	-74	-40
Marketing costs related to properties	-9	-16
Lawyers' fees and legal costs	-82	-51
Other	-65	-21
Total commercial costs	-230	-128

Note 8

Charges and taxes on unlet properties (in € 000)	31.03.14	31.03.13
Vacancy charges of the financial year	-38	-37
Property tax on vacant buildings	-84	-103
Total charges and taxes on unlet properties	-122	-140

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 2014, the cost for vacant property was 0.25 % of the rental income received, compared to 0.33 % on 31 March 2013. Historically, the property rates have never been lower than 98 %.

Note 9

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

tenants, which cover partially the management costs of the real estate, are deducted.

These costs mainly include the costs for the personnel responsible for this activity, the operating costs of the Company's principal place of business and fees paid to third parties. Management fees received from the

Management costs (in € 000)	31.03.14	31.03.13
Office charges	-91	-80
IT	-51	-41
Other	-40	-39
Housing costs	-52	-48
Fees to third parties	-224	-144
Public relations, communication and advertising	-3	-4
Personnel expenses	-1,017	-869
Salaries	-612	-537
Social security	-127	-141
Pensions and collective insurances	-35	-33
Other	-244	-157
Management fees received from tenants	53	15
Taxes and legal costs		
Depreciation charges on office furniture, IT equipment and software	-83	-90
Total property management costs	-1,417	-1,220

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

(in FTE)	31.03.14	31.03.13
Property department	6.04	6.17
Total	14.10	14.40
Average	13.60	13.70

Note 10

Other property charges (in € 000)	31.03.14	31.03.13
Other property charges	0	-2
Total other property charges	0	-2

Note 11

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 fixed-capital real estate investment fund 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)	31.03.14	31.03.13
Office charges	-111	-95
IT	-68	-54
Other	-43	-41
Housing costs	-69	-64
Fees to third parties	-258	-309
Recurrent	-137	-99
- Lawyers		
- Auditors	-131	-93
- Other	-6	-6
Non-recurrent	-89	-123
- Lawyers	-19	-66
- Notary costs	-32	-13
- Consultants	-37	-44
Mergers and acquisitions (other than business combinations)	-32	-87
Public relations, communication and advertising	-48	-54
Personnel expenses	-773	-683
Salaries	-417	-380
Social security	-142	-145
Pensions and collective insurances	-77	-36
Other	-137	-122
Remuneration of board of directors	-220	-232
Taxes and legal costs	-921	-825
Total operating costs	-2,400	-2,263

Note 12

Result on disposals of investment properties (in € 000)	31.03.14	31.03.13
Book value of sold real estate properties	7,214	18,943
Net sales price of investment properties (sales price - transaction costs)	7,450	19,246
Total benefit or loss on disposals of investment properties	236	303

In the past financial year, 4 retail properties, 2 carcass apartments and 1 property of the Distri-Land portfolio were sold to private investors, with a net capital gain of EUR 7.45 million. Overall, the sales proceeds are in

line with the investment values assessed by the real estate expert and are, therefore, higher than the fair value established by the real estate expert.

Note 13

Changes in fair value of investment properties (in € 000)	31.03.14	31.03.13
Positive change in investment properties	5,855	15,882
Negative change in investment properties	-2,595	-7,303
Total changes in fair value of investment properties	3,260	8,579

The limited variation in the fair value of the investment properties is due to indexation,

renovations and the tightening of yields in a number of top locations.

Note 14

Financial result (in € 000)	31.03.14	31.03.13
Interest received	107	2
Other	153	32
Total financial result	260	34

Note 15

Interest charges (in € 000)	31.03.14	31.03.13
Nominal interest on loans	-16,636	-15,594
Capitalised interest costs ¹	624	864
Total interest charges	-16,012	-14,730

¹ Capitalised interest costs on project developments. The interest rate used is 4.50 %.

The weighted average interest rate amounts to 4.50 % on 31 March 2014 and 4.67 % on 31 March 2013 (after application of the IRS). The company concluded almost all of its investment loans with fixed interest rates, or as long-term loans with variable interest rates that are effectively hedged against fixed interest

rates through IRS (interest rate swap) contracts. The evolution of the ratio of interest charges on loans versus rental income received, amounts to 33.57 % on 31 March 2014 compared to 37.10 % the year before. We refer to note 40 for the complete swaps overview.

Note 16

Other financial charges (in € 000)	31.03.14	31.03.13
Bank costs and other commissions	-36	-75
Total other financial charges	-36	-75

Note 17

Corporate income tax (in € 000)	31.03.14	31.03.13
Company	59	103
1. Corporate income tax	59	103
Tax rate of 33.99 %	-22	74
Previous year tax adjustment	81	29
2. Result taxable at 16.50 % (so-called exit tax)		
Subsidiaries	-516	-780
1. Corporate income tax	-642	-759
Current year taxes	-649	-775
Previous year tax adjustment	7	16
2. Exit tax	125	-21
Total corporate income tax	-457	-676

A fixed-capital investment fund is subject to corporate tax solely in respect of non-tax deductible expenditure and abnormal benefits. Deferred taxes are booked for the subsidiaries on the difference between the carrying value after depreciation in the statutory annual accounts of these subsidiaries and

the fair value. These deferred taxes are booked at a rate of 16.99 % if the respective board of directors of Retail Estates nv and the subsidiary intend to merge the subsidiary with the fixed-capital real estate investment fund.

Note 18

Number of shares and earnings per share	31.03.14	31.03.13
Movements of the number of shares		
Number of shares at the beginning of the financial year	5,813,122	5,437,074
Number of shares at the end of the financial year	7,290,411	5,813,122
Number of dividend bearing shares (weighted average)	7,290,411	5,813,122
Weighted average number of shares for diluted earnings per share	6,930,195	5,717,073

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

Capital increase in cash

On **28 June 2013**, Retail Estates nv completed a capital increase by way of a public offering with preferential subscription rights within the limits of the authorised capital. The subscription price was set at EUR 49.75. On 28 June 2013, in total, all no. 18 coupons (or scrips representing them) were handed in for new shares. As a result, 1,453,280 new shares were issued for a total amount of EUR 72,300,680 (in specific, EUR 32.70 million in capital and EUR 39.60 million in share issue premiums). The new shares participated in the result of Retail Estates nv as of 1 April 2013. After this capital increase, the capital was represented by 7,266,402 shares.

Capital increase through contributions in kind

On **28 June 2013**, the board of directors proceeded to issue 24,009 new shares within the powers granted to it with regard to the allowed capital, in

compensation for the contribution in kind of two business properties located in Spa on Boulevard des Anglais. The total contribution value amounts to EUR 1,176,514 (in specific, EUR 0.54 million in capital and EUR 0.64 million in share issue premiums). Implementing the contribution agreement of 31 March 2013, the shares were issued at an issue price of EUR 49.0012 and were dividend-bearing as of 1 April 2013. After this capital increase, the capital was represented by 7,290,411 shares.

The above-mentioned capital increases had the effect of increasing the capital to EUR 164,037,087.74, represented by 7,290,411 shares. After deduction of the cumulated costs for capital increase, the capital at the balance sheet amounts to EUR 160,961,561.04.

Note 19

(in € 000)	31.03.14	31.03.13
Net result (consolidated)	28,568	29,582
Transactions of non-current nature included in the net result (+/-)		
Depreciations (+) and reversals of depreciations (-)	169	175
Other elements of a non-current nature (+/-)	30	-21
Result on the disposal of investment properties (+/-)	-236	-303
Changes in fair value of investment properties and project developments (+/-)	-3,260	-8,579
Net operating result	25,271	20,854

The net operational profit and loss is not subject to any further change in respect of potential non-exempt capital gains regarding the sale of investment properties. 80 % of the net operational profit and loss, less the net reduction during the financial year

of the indebtedness, must be paid out, as calculated in accordance with Article 27 of the Royal Decree of 7 December 2010 on fixed-capital real estate investment funds.

Note 20

Calculation of pay-out ratio (in € 000)	31.03.14	31.03.13
Ordinary net earnings	28,568	29,582
Diluted net earnings	28,568	29,582
Distributable earnings	25,271	20,854
Minimum profit distribution	20,217	16,683
Proposed gross dividend	21,871	16,860
Pay-out ratio	86.55%	80.84%

Note 21

Investment and amortisation table (in € 000)	Intangible non-current assets		Other tangible non-current assets	
	31.03.14	31.03.13	31.03.14	31.03.13
Acquisition value				
Balance at the end of the previous financial year	532	514	826	804
Acquisitions	9	17	77	121
Transfers and disposals of assets			-37	-99
Transfers to/from other accounts				
At the end of the financial year	541	532	867	826
Amortisation and impairment losses				
Balance at the end of the previous financial year	476	432	474	441
Balance of acquired companies		3	6	
Amortisation ²	38	41	125	135
Transfers and disposals of assets			-36	-102
At the end of the financial year	514	476	570	474
Net book value	26	56	297	352

2 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 22

Investment and revaluation table (in € 000)	Investment properties		Assets held for sale		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Balance at the end of the previous financial year	675,593	537,472	7,488	13,159	683,081	550,631
Acquisition through purchase or contribution real estate companies	42,787	88,326		7,264	43,177	95,590
Capitalised interest cost	624	689			234	689
Acquisition and contribution of investment properties	25,132	44,579		32	25,132	44,611
Net increase of project developments	2,344	3,651			2,344	3,651
Disposal through sale of real estate companies						
Disposal of investment properties	-3,635	-4,745	-3,579	-14,198	-7,214	-18,943
Transfers to assets held for sale	-301	-1,445	301	1,445	0	0
Change in fair value (+/-)	3,372	7,067	175	-214	3,547	6,853
At the end of the financial year	745,916 ³	675,593 ³	4,385	7,488	750,301	683,081
OTHER INFORMATIONS						
Investment value of the property	764,193	691,170	4,495	7,675	768,688	698,845

³ This amount also includes the development projects (conform IFRS 40 included in the investment properties) for an amount of EUR 8.08 million on 31.03.2014 and EUR 27.41 million on 31.03.2013

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

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

As a result, the effective percentage of the registration taxes varies from 0 % to 12.50 %, whereby it is impossible to predict which percentage is applicable to the transfer of a given Belgian property before the actual transfer takes place. In January 2006, all the experts involved in determining the value of Belgian fixed-capital real estate investment funds were asked to determine a weighted average percentage of the effective taxes for the real estate portfolios of the fixed-capital real estate investment funds. For transactions of properties with a value of over EUR 2.50 million and in view of the range of methods of transferring ownership (see above), the experts calculated the weighted average taxes at 2.50 %, based on a representative

sample of 220 market transactions that took place between 2003 and 2005, worth a total of EUR 6 billion. This percentage will be reviewed annually and, if necessary, adapted by slices of 0.50 %. As regards transactions involving buildings whose total value is lower than EUR 2.50 million, transfer rights of 10 % to 12.50 % are applied, depending on the Region in which the premises are located. Retail Estates nv considers its real estate portfolio as a whole, which can be disposed of as a whole or unit or a limited number of larger parts. In compliance with the valuation at "fair value" by its real estate valuation surveyors Cushman & Wakefield and CBRE, the value of this real estate was reduced by 2.50 %, which reflects the expected transaction costs for the disposal of this real estate according to the valuation surveyors. For a detailed description of the valuation rules used by the real estate valuation surveyors CBRE and Cushman & Wakefield, we refer to the real estate experts' reports on pages 87 and 88.

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

During the financial year 2012-2013, real estate companies were acquired for an amount EUR 30.01 million. These real estate companies had a total of EUR 0.91 million in cash. The net cash flow from the purchase of real estate companies amounted in this way to EUR 29.10 million. This resulted in a EUR 95.59 million increase in investment properties, a EUR -21.90 variation in working capital, and a EUR 34.60 million increase in financial and other debts. Moreover, in the financial year 2012-2013, 22 retail properties were sold, which resulted in a decrease of investment properties of EUR 18.94 million.

Notes on IFRS 13

Investment properties - valuation

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

- Level 1: valuation on the basis of quoted prices in active markets
- Level 2: valuation on the basis of directly or indirectly (external) observable information
- Level 3: valuation fully or partly based on non (external) observable information

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

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

- Information provided by the fixed-capital investment fund, such as current rents, terms and conditions of lease agreements, (as the case may be) rent

reductions, investments, etc. This information results from the fixed-capital investment fund'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 either 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 fixed-capital investment fund'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.

Sensitivity of valuations

The sensitivity of the fair value in relation to changes in the significant non observable information used for determining the fair value of the properties classified in level 3 (in accordance with the IFRS fair value hierarchy) is the following: the effect of the increase of 1 % of the rental income leads to an increase of the fair value of the portfolio of EUR 7.38 million. The effect of an increase of the yield of 100 bps leads to a decrease of the portfolio's fair value of EUR 93.04 million. The effect of a decrease of the yield of 100 bps leads to an increase of the portfolio's fair value of EUR 124.42 million.

Note 23

Financial non-current assets (in € 000)	31.03.14	31.03.13
Financial derivatives	0	0
Total financial non-current assets	0	0

Note 24

Trade receivables and other non-current assets (in € 000)	31.03.14	31.03.13
Guarantees paid in cash	5	2
Total trade receivables and other non-current assets	5	2

Note 25

Non-current assets or groups of assets held for sale (in € 000)	31.03.14	31.03.13
Assets held for sale	4,385	7,488
Total assets held for sale	4,385	7,488

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 2014 these assets comprise a building in Rixensart (fair value EUR 0.42 million) and plots of

land in Westende with a fair value of EUR 3.96 million. No agreement was signed for these plots of land in Westende, yet they are actively put for sale since they do not correspond to the Group's strategy. If these plots of land are not sold to individuals before 31 December 2017, they are taken back by the party of which the Group at the time acquired commercial real estate, including these plots of land.

Note 26

Trade receivables and doubtful debtors

Trade receivables (in € 000)	31.03.14	31.03.13
Trade receivables	1,116	973
Invoices to be issued	92	211
Doubtful debtors	-699	-699
Income to be collected		
Coupon real estate certificats		
Distri-Land	216	230
Other		
Total trade receivables	725	716

The outstanding trade receivables amount to EUR 0.42 million. EUR 0.12 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 20 % of the outstanding amount on 31 March 2014, equal to a risk of EUR 0.06 million (after deducting doubtful debtors).

Impairment on doubtful debtors - roll forward (in € 000)	31.03.14	31.03.13
At the end of the previous financial year	-699	-741
From acquired companies		-26
Provisions	-266	-197
Recoveries	105	164
Write-offs	161	101
At the end of the financial year	-699	-699

The provision for doubtful debtors is established as follows: the rental arrears list is closely monitored internally. Based on a management assessment, or if obvious and demonstrable reasons exist to suggest that the claim cannot be recovered, a provision is set up. Trade receivables are payable in cash. The table below shows an overview of the age structure of the

trade receivables for which no value reduction was registered.

For more details about the Distri-Land coupon, we refer to the section 'Real estate certificats' in the valuation rules (pages 106 and 107 of this annual report).

	31.03.14	31.03.13
Due < 30 days	265	50
Due 30-90 days	15	97
Due > 90 days	22	51
Not due	115	76

Note 27

Tax receivables and other current assets (in € 000)	31.03.14	31.03.13
VAT receivable	225	2
Corporate income tax receivable	2	
Recoverable withholding tax	551	10
Recoverable property tax	809	558
Recoverable registration duties		
Receivable from disposals of non-current assets		
Other	312	514
Total tax receivables and other current assets	1,899	1,084

Note 28

Cash and cash equivalents (in € 000)	31.03.14	31.03.13
Bank balances	2,189	1,879
Cash		
Total cash and cash equivalents	2,189	1,879

Note 29

Deferred charges and accrued income (in € 000)	31.03.14	31.03.13
Other deferred charges	387	336
Other accrued income	35	6
Total deferred charges and accrued income	422	342

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

Note 30

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

Capital evolution		Capital movement	Total remaining capital after the transaction	Number of shares created	Total number of shares
Date	Transaction	(in € 000)	(in € 000)		
21/06/2010	Contribution in kind	2,662	110,332	118,293	4,903,555
30/11/2010	Contribution in kind	2,212	112,544	98,301	5,001,856
30/11/2010	Contribution in kind	1,280	113,824	56,872	5,058,728
30/11/2010	Contribution in kind	66	113,890	2,935	5,061,663
16/06/2011	Contribution in kind	1,989	115,879	88,397	5,150,060
27/06/2011	Contribution in kind	5,520	121,399	245,348	5,395,408
30/03/2012	Contribution in kind in the context of a partial split	937	122,336	41,666	5,437,074
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

Article 6.2 of the articles of association: Authorised capital

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

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

Within the above limits, and without prejudice to mandatory provisions of the Company Code, the board of directors can decide to increase the capital, by means of contributions in cash or in kind, the incorporation of reserves or issue premiums, with or without the issuance of new shares, on a case-by-case basis. The board of directors is also authorised, by the general meeting, to issue other securities, including, without limitation, (subordinated or non-subordinated) convertible bonds, warrants, non-voting shares, and preferred shares with regard to dividends and/or liquidation proceeds.

Moreover, the board of directors is allowed to limit or remove the preferential right granted by the Company Code to the shareholders, including those in favour of one or more persons other than the employees of the company or a subsidiary, provided an irreducible allocation right is granted to the

existing shareholders upon the distribution of new shares. This irreducible allocation right shall meet the requirements determined by the sicafo legislation and Article 6.4 of these articles of association.

This right needs not be granted in the event of a contribution of cash made in the context of an optional dividend distribution, under the circumstances provided by Article 6.4 of these articles of association.

Capital increases by means of a contribution in kind shall be carried out in accordance with the requirements determined by the sicafo legislation and Article 6.4 of these articles of association. Such contributions can include a right to a dividend in the context of an optional stock dividend distribution.

Without prejudice to the authorisation granted to the board of directors in accordance with the preceding paragraphs, the board of directors is authorised to proceed with one or more capital increases, in the event of a takeover bid for all of the company's shares, under the conditions set forth in Article 607 of the Company Code, provided the company has received an acknowledgement of the takeover bid from the Financial Services and Markets Authority (FSMA) within a period of three years from the extraordinary general meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the sicafo legislation. Capital increases carried out by the board of directors pursuant to this authorisation will be deducted from the remaining authorised capital, mentioned in the first paragraph of this article.

When capital increases carried out pursuant to these authorisations entail an issue premium, the amount thereof shall be allocated to a non-distributable "issue premium" reserve which shall serve, like the capital, as a guarantee to third parties, and which can only be reduced or abolished pursuant to a decision of the general meeting, deliberating in accordance with the conditions set forth in Article 612 of the Company Code, without prejudice to its incorporation in the company's capital.

Article 6.3 of the articles of association: Acquisition, transfer and pledge of the company's own shares

The company can acquire or pledge its own shares on the conditions provided for by law. The company is authorised to transfer the acquired shares, on or off market, on the conditions determined by the board of directors, without the prior consent of the general meeting.

The board of directors is authorised, within the limits of Articles 620 et seq. of the Company Code, to decide that the company can acquire, pledge and transfer its own shares when such acquisition or transfer is necessary to avoid serious, imminent harm to the company. This authorisation is valid for a period of three (3) years, as from the publication in the annexes to the Belgian State Gazette of the authority granted by the extraordinary general meeting of 27 May 2011, and can be extended by the general meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary general meeting of 27 May 2011, to acquire, pledge and transfer (including off market) the company's own shares on the company's behalf, at a unit price which cannot be less than eighty-five percent (85 %) of the

closing market price on the day preceding the date of the transaction (acquisition, transfer or pledge) and cannot exceed one hundred and fifteen percent (115 %) of the closing market price on the day preceding the date of the transaction (acquisition, transfer or pledge), subject to the requirement that the company cannot, at any time, hold more than 20 % of the total outstanding shares.

The above-mentioned authorisations extend to acquisitions and transfers of the company's shares by its subsidiaries within the meaning of the first paragraph of Article 627 of the Company Code, including instances when such acquisitions are made by persons acting in the name and on behalf of a subsidiary.

Article 6.4 of the articles of association: Capital increase

Any capital increase shall meet the requirements of Articles 581 through 609 of the Company Code and the sicafo legislation.

The company's capital can be increased pursuant to a decision of the general meeting, deliberating in accordance with Article 558 and, if applicable, Article 560 of the Company Code, or pursuant to a decision of the Board of Directors within the limits of the authorised capital. It is, however, forbidden for the company to subscribe, directly or indirectly, to its own capital.

In the event of a capital increase by means of a cash contribution, pursuant to a decision of the general meeting, or within the limits of the authorised capital, the shareholders' preferential right can only be restricted or cancelled if an irreducible allocation right is granted to the shareholders of record at the

time that the new shares are awarded. This irreducible allocation right shall meet the following requirements, determined by the sicafi legislation:

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

This irreducible allocation right applies to the issuance of shares, (subordinated or non-subordinated) convertible bonds, and warrants, but does not have to be allocated to a cash contribution with a limitation or cancellation of the preferential right, in addition to a contribution in kind, in the context of the distribution of an optional stock dividend, provided the grant thereof is effectively open to all shareholders.

Capital increases by means of contributions in kind are subject to the rules set forth in Articles 601 and 602 of the Company Code.

Moreover, the following requirements must be met in the event of the issuance of securities, following a contribution in kind, in accordance with the sicafi legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Company Code, and also, if applicable, in the notice of the general meeting called to vote on the capital increase;

2. the issue price cannot be less than the lower value of the following: (a) a net asset 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 asset value, and the capital, as well as the impact on voting rights.

These additional conditions are not applicable in the event of the contribution of a right to a dividend in the context of an optional stock dividend distribution, provided the grant thereof is effectively open to all shareholders.

If the general meeting decides to require the payment of an issue premium, this amount must be

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

Note 31

Issue premium evolution (in € 000)		Issue premiums 31.03.14
Date	Transaction	
Previous financial year		52,857
28/06/2013	Contribution in kind	636
28/06/2013	Capital increase in cash	39,601
Total issue premium		93,095

Note 32

Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (in € 000)	31.03.14	31.03.13
Balance at the end of the previous financial year	-15,764	-14,146
Change during the financial year	-2,623	-1,618
Total impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-18,387	-15,764

As stated in note 22, Retail Estates nv considers its real estate portfolio as an entity than can be disposed of as a whole, or as a limited number of larger parts. In accordance with valuation at 'fair value' from its valuation surveyors Cushman & Wakefield and CBRE, the value of the properties was reduced by 2.50 % subject to the valuation surveyors' expected transaction charges at the disposal of the properties. According to Retail Estates nv, a limited number of specifically identified premises are very difficult to sell with this real estate portfolio, because the nature and/or location of these buildings mean that

they would have a negative effect on the value of the portfolio as a whole. Since the individual value of these premises lies below the threshold of EUR 2.50 million, the complete transfer costs of the region concerned, amounting to 10 % or 12.50 % are deducted. On 1 April 2004 (the date of the first application of the IAS/IFRS standards), the transfer charges that were deducted from the investment value amounted to EUR 4.90 million. This amount was recognised under this item in the shareholders' equity.

Note 33

Change in fair value of financial assets and liabilities (in € 000)	31.03.14	31.03.13
Change in fair value of interest rate swaps	-23,882	-30,093
Total change in fair value of financial assets and liabilities	-23,882	-30,093

The Group uses financial derivatives (interest rate swaps) to hedge against interest rate risks deriving from operating, financial and investment activities. Financial derivatives are initially recognised at cost price and revalued to fair value on subsequent reporting dates. It should be noted that the negative or positive valuation of the financial instruments does not impact Retail Estates nv's net result. The

fixed-capital investment fund classifies the interest rate swaps as cash flow hedging, having ascertained that the hedges were effective. Cash flow hedging is therefore applied to these swaps, as a result of which changes in the value of these swaps are recorded directly to equity without passing through the income statement. The interest rate swaps are level 2 instruments (see note 40).

Note 34

Other non-current liabilities (in € 000)	31.03.14	31.03.13
Financial derivatives	23,882	30,093
Debts relating to minority shareholders	12,985	11,761
Deferred taxes	1,179	2,211
Total other non-current liabilities	38,046	44,066

The debts concerning the minority shareholders for an amount of EUR 12.98 million pertain to the recognition of the debt for the further acquisition of the shares in Retail Warehousing Invest nv, which are not yet fully owned by Retail Estates nv. Please also refer to note 45. The increase in this debt compared to the previous financial year is due to the increase

in the underlying shareholders' equity in the financial year 2013-2014.

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

Note 35

Trade debts and other current debts (in € 000)	31.03.14	31.03.13
Trade debts	353	2,752
Advances received from tenants		
Invoices to be received	2,868	4,378
Taxes payable	814	1,084
Exit tax	3,621	7,097
Other deferred taxes		
Other current debts	335	335
Total trade debts and other current debts	7,992	15,645

Note 36

Other current liabilities (in € 000)	31.03.14	31.03.13
Dividends payable	36	49
Liabilities less than one year towards related parties		
Other	50	9,197
Total other current liabilities	86	9,246

The decrease of the other current liabilities from EUR 9.20 to EUR 0.05 million relates to the further acquisition of the shares in Erpent Invest nv and in

VRP 1 nv, and to the refund of the outstanding current account Retail Estates nv held vis-à-vis the minority shareholder. Please also refer to note 45.

Note 37

Deferred charges and accrued income (in € 000)	31.03.14	31.03.13
Other accrued charges	1,602	1,289
Deferred revenues (re- invoicing)	1,415	887
Total accrued charges and deferred income	3,017	2,176

The deferred revenues mainly concern rents paid in advance.

Note 38

Breakdown by due date of credit lines (in € 000)	31.03.14	31.03.13
Non-current		
Bilateral loans - variable or fixed rate	327,677	330,089
Subtotal	327,677	330,089
Current		
Bilateral loans - variable or fixed rate	22,422	16,577
Financial lease		
Subtotal	22,422	16,577
Total	350,098	346,666

Breakdown by maturity of non-current financial debts (in € 000)	31.03.14	31.03.13
Between one and two year(s)	49,917	85,106
Between two and five years	199,794	230,711
Within more than five years	77,966	14,272

Breakdown by the variable or fixed-rate nature of the loans (in € 000)	31.03.14	31.03.13
Variable rate loans	280,610	285,786
Fixed rate loans	69,488	60,879

Retail Estates nv has the following unused credit facilities (in € 000):	31.03.14	31.03.13
Expiring within one year		
Expiring after one year	47,297	45,498

	Total future interest burden	
Estimate of the future interest burden	31.03.14	31.03.13
Within one year	16,424	15,565
Between one and five year(s)	39,106	33,652
Within more than five years	4,956	3,609
Total	60,486	52,826

Non-current and current financial debts

98.26 % of the outstanding loans have a variable rate that is fully hedged by interest rate swap contracts that swap the variable interest rate against fixed interest rates, or have fixed interest rates (see note 40). The estimate of future interest takes into account the debt position on 31 March 2014 and interest hedges under current contracts. For the EUR 6.07 million unhedged portion of the registered debts, the Euribor rate on 31 March 2014 and the banking margin is applied.

Interest burden analysis – interest sensitivity

The degree to which Retail Estates nv can finance itself significantly impacts its profitability. Property investment generally entails a relatively high level of debt financing. To optimally limit this risk, Retail Estates nv applies a relative cautious and conservative

strategy. Debts all take the form of long-term loans, financed with various banks. Whenever a loan is concluded at a variable interest rate, it is immediately converted into a fixed interest rate. 98.26 % of the outstanding credits are financed this way. In this manner, a rise in the interest rate has no substantial impact on the total result. However, interest rate increases or decreases have an impact on the market value of the concluded IRS-contracts and therefore on the shareholders' equity. If the interest rate rose by 1 %, this would have a negative impact of EUR 3.25 million on the shareholders' equity. If the interest rate declined by 1 %, this would have a positive impact of EUR 3.86 million on the shareholders' equity.

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

Note 39

Financial assets and liabilities

1. Overview

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

At 31 March 2013	Total	Financial instruments used for cash flow hedging relationship	Loans and receivables	Liabilities at amortised cost price
ASSETS				
Non-current financial assets				
E. Non-current financial assets				
G. Trade receivables and other non-current assets	2		2	
Current financial assets				
D. Trade receivables	716		716	
E. Tax receivables and other current assets	1,084		1,084	
F. Cash and cash equivalents	1,879		1,879	
Total non-current financial assets	3,681		3,681	
LIABILITIES				
Non-current financial liabilities				
B. Non-current financial debts	330,089			330,089
C. Other non-current financial liabilities	44,066	30,093		13,973
Current financial liabilities				
B. Current financial debts	16,577			16,577
D. Trade debts and other current debts	15,645			15,645
E. Other current liabilities	9,246			9,246
Total financial liabilities	415,623	30,093	0	385,530

2. Fair value

Given the short-term nature of the trade receivables and payables, the fair value is approximately close to the nominal value of these financial assets and liabilities. On 31 March 2014, Retail Estates nv has EUR 280.61 million of financial debts at variable interest rates and EUR 69.49 million of financial debts at fixed interest rates. Of the debts at variable interest rates, EUR 274.53 million are hedged by interest swap contracts. The fixed interest rates at which these long-term debts were originally concluded in most cases no longer correspond

to prevailing money market rates, leading to a difference between their book values and their fair values. The following table compares the total amount of the fixed-rate debts at book value and at fair value at the end of the 2013-2014 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 is mentioned in the following table, the book value is equal to the amortised cost.

Financial debts at fixed interest rate	31.03.14	
	Book value	Fair value
Financial debts at fixed interest rate	69,488	68,592

Note 40

Financial instruments

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

Prospective test: at the end of each quarter, an examination is made to establish whether the future

still indicates a match between the interest rate swap and the underlying financial obligation.

Retrospective test: the interest paid on the underlying financial obligation is compared with the floating interest cash flow from the swap based on ratio analysis. The ratio must lie between 80 and 125. The market value of the interest rate swap was EUR -23.88 million on 31 March 2014. It is established on a quarterly basis by the issuing financial institution and is verified by ourselves through discounting the future contractual cash flows using identical interest rate curves.

The fair value of liabilities to banks at the reporting date (in € 000)	31.03.14		31.03.13	
	Assets	Liabilities	Assets	Liabilities
Interest Rate Swap		23,882		30,092

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

Below is an overview of the financial instruments as at 31 March 2014:

Summary of financial instruments as at closing date 31.03.14 (in € 000)	Categories	Book value	Fair value	Level
I. Non-current assets				
Financial non-current assets	C	0	0	2
Loans and receivables	A	5	5	2
II. Current assets				
Trade receivables and other receivables	A	2,624	2,624	2
Cash and cash equivalents	B	2,189	2,189	2
Total financial instruments on the assets side of the balance sheet		4,818	4,818	
I. Non-current liabilities				
Interest-bearing liabilities	A	327,677	326,781	2
Other non-current liabilities	A	14,164	14,164	2
Other financial liabilities	C	23,882	23,882	2
II. Current liabilities				
Interest-bearing liabilities	A	22,422	22,422	2
Current trade debts and other debts	A	8,078	8,078	2
Total financial instruments on the liabilities side of the balance sheet		396,223	395,327	

The categories correspond with the following financial instruments:

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

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

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

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

- The categories 'other financial liabilities' and 'financial fixed assets' concern Interest Rate Swaps (IRS), in respect of which the fair value is determined by means of interest rates applicable in active markets, and generally provided by financial institutions.
- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:

- either because they have a short-term maturity (like trade receivables and debts),
- or because they have a variable interest rate.

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

Overview of Swaps:

Other non-current liabilities

	Starting date	Ending date	Interest rate	Notional amount	Hedge accounting
1	1/12/06	1/12/16	4.05%	37,000	yes
2	1/10/07	1/12/16	4.21%	6,000	yes
3	1/03/08	1/03/18	4.08%	5,000	yes
4	1/07/07	1/07/17	4.77%	10,000	yes
5	1/08/07	1/07/15	4.58%	10,000	yes
6	1/01/08	1/08/14	4.39%	6,000	yes
7	1/05/07	1/02/15	4.60%	20,000	yes
8	1/03/10	1/09/14	2.32%	15,100	yes
9	1/03/10	1/12/15	4.94%	6,500	yes
10	1/03/10	1/03/17	4.94%	8,500	yes
11	1/01/11	1/04/14	1.66%	20,500	yes
12	1/06/12	1/06/17	3.22%	20,000	yes
13	1/11/11	1/11/16	3.03%	10,000	yes
14	1/09/12	1/09/17	3.35%	6,000	yes
15	1/11/13	1/11/18	3.69%	30,000	yes
16	1/03/09	1/12/23	3.89%	9,588	yes
17	1/07/11	1/12/15	2.32%	10,000	yes
18	1/06/12	1/09/17	3.03%	10,000	yes
19	1/12/11	1/06/16	1.70%	25,000	yes
20	1/05/12	1/04/16	3.04%	9,343	yes
21	1/09/14	1/09/19	2.69%	21,000	yes
22	1/04/14	1/03/18	1.91%	20,500	yes
23	1/01/16	1/01/21	1.82%	10,000	yes
24	1/02/15	1/01/20	1.48%	20,000	yes

Note 41

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 11):

(in € 000)	31.03.14	31.03.13
Directors	476	432
Total	476	432

Directors and executive officers do not receive any other benefits from the company. Retail Estates nv has no executive committee. These amounts are all

short-term benefits. We refer to the remuneration report on page 30.

Note 42

Auditor's fee (VAT excl.)	31.03.14	31.03.13
Remuneration of the auditor for the audit assignment	101	95
Remuneration for exceptional duties or special assignments		
- Other audit assignments	62	20
- Tax consultancy assignments	20	6
- Other assignments outside the audit assignment		31

Note 43

Acquired real estate companies and investment properties

Per 31.03.2013

The purchases and own developments in the 2012-2013 financial year resulted in a EUR 117.63 million real estate increase (without project developments). The total rental income increases by EUR 5.46 million in financial year 2012-2013 as a result of these investments. If these acquisitions had taken place on 1 April 2012, the rental income would have increased by EUR 7.54 million. The operating result increased by EUR 4.77 million as a result of these investments.

Per 31.03.2014

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

Sold real estate companies and investment properties

Per 31.03.2013

In the financial year 2012-2013, 14 retail properties, 2 carcass apartments, 1 food service building, 3 plots of land, 1 small and middle-sized building and 1 villa were sold to private investors, with a net capital gain of EUR 19.25 million, reducing the investment properties by EUR 18.94 million. Rental income fell by EUR 0.81 million as a result of this divestment. If these sales had taken place on 1 April 2012, rental income would have been EUR 1.01 million lower.

Per 31.03.2014

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

Note 44

Events after the balance sheet date

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

On 4 April 2014, the Luxembourgian company Belgium Retail 1 Luxembourg sàrl was sold, for an amount of EUR 8.22 million. On the buildings in this company, a net surplus value of EUR 0.25 million was realised (after deduction of the real estate agent's fees). Moreover, the company contains cash for an amount of EUR 1.13 million.

On 10 April 2014, Retail Estates nv and be-MINE nv concluded a cooperation agreement for the development of a 15,000 m² retail park. Socio-economic authorisation for the development was granted by the city of Beringen on 14 August

2013. The partners will soon establish a special purpose company “Mijn Retail nv” which, after obtaining the required permits, aims to deliver the shop premises during the third quarter of 2015. In the partnership, Retail Estates nv is guaranteeing not only full financing of the constructions (estimated at EUR 11 million), but is also mobilising its extended network for marketing and managing the retail park. Be-MINE nv will handle the project development up to and including delivery of the commercial spaces and the surrounding infrastructure.

On **29 April 2014**, a 420 m² retail property in Genval, let to Délitraiteur, was sold for a net capital gain of EUR 465,000.

On **6 May 2014**, an agreement was signed regarding the purchase of the piece of land onto which the retail park Bruges V-Mart was built, for an amount of EUR 3.32 million (excl. registration fees).

Note 45

List of consolidated companies and changes in the circle of consolidation

As at 31 March 2014, the following subsidiaries are part of the consolidation perimeter of Retail Estates nv:

Aalst Logistics nv	100 %
Belgium Retail 1 Luxembourg sàrl	100 %
Ducova bvba	100 %
Erpent Invest nv	100 %
Finsbury Properties nv	100 %
Poperinge Invest nv	100 %
Retail Warehousing Invest nv	62.50 %
SDW Invest bvba	100 %

During the past financial year, Retail Estates nv acquired the control of Ducova bvba and SDW Invest bvba. The remaining shares in the companies Erpent Invest nv and VRP 1 nv were also acquired.

Ducova bvba

On **31 October 2013**, Retail Estates nv acquired the exclusive control of the real estate company Ducova bvba that owns 20 retail properties. These properties represent a total retail area of 17,055 m² and yield rental charges of EUR 1.52 million. The fair value amounts to EUR 23.18 million. The portfolio consists of:

- 11 stores in retail parks: Tournai – Froyennes (Di perfumery and Mobistar), Liège – Grivegnée (JBC and Shoe Discount), Lanaken (AVA, Toychamp, e5 mode and Scapino), Andenne (Vanden Borre), Libramont (AVA) and Huy (Pointcarré).
- 4 peripheral retail stores located in clusters: Lokeren (JBC), Oudenaarde (Brantano), Bruges (Picard) and Zelzate (JBC).

- 2 individual peripheral retail stores: Tillf (Lidl) and Heusden-Zolder (Lidl).

- 3 stores on one centre location: located in the shopping centre De Klokke in Bilzen (JBC, Zeeman and Kruidvat).

SDW Invest bvba

On **3 September 2013**, the exclusive control of the bvba SDW Invest was acquired. This company owns three retail properties along the Kortrijksesteenweg in Ghent – Sint-Denijs-Westrem/Sint-Martens-Latem. These retail properties yield rental charges of EUR 0.32 million and represent a fair value of EUR 5.19 million.

None of these acquisitions is considered to be a business combination under IFRS 3.

Retail Warehousing Invest nv

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

valuation in accordance with Article 18 of the Royal Decree on fixed-capital real estate investment funds.

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 12.98 million.

Note 46

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

The amount referred to in Article 617 of the Belgian Companies Code, of the paid-up capital if that amount is higher, of the called-up capital, increased with all the reserves that cannot be distributed (in accordance with the law or with the provisions of the articles of association), is determined in Chapter 4 of Annex C to the Royal Decree of 7 December 2010.

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

(in € 000)	31.03.14	31.03.13
Non-distributable elements of the shareholders' equity before distribution of results	302,236	219,281
Paid-up capital	160,961	129,389
Non-available issue premiums pursuant to the articles of association	93,094	52,857
Reserve for the positive balance of the variations of the investment value of real estate	87,241	80,459
Reserve for the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-15,985	-14,378
Reserve for the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	-23,407	-29,378
Reserve for the balance of the changes in fair value of authorised hedging instruments not qualifying for hedge accounting		
Other reserves	332	332
Profit and loss of the financial year that must be allocated to the non-distributable reserves in accordance with Chapter 4 of annex C of the Royal Decree of 7 December 2010	4,876	8,458
Result on portfolio	3,789	7,407
Revaluation participations	1,087	1,051
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and of financial non-current assets		
Total shareholders' equity, statutory, non-distributable	307,112	227,739
Shareholders' equity, statutory	357,909	270,637
Planned dividend distribution	21,871	-16,858
Number of shares	7,290,411	5,813,122
Distributable operational profit and loss per share (EUR)	3.00	2.90
Shareholders' equity, statutory, after distribution of dividends	336,038	253,779
Remaining reserve after distribution	28,926	26,040

3. STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Retail Estates nv ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 7 December 2010 on real estate investment trusts and with the legal and

regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 755.865 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 28.568 (000) EUR.

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

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the accounting principles consistent with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 7 December 2010 on real estate investment trusts and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements of Retail Estates nv give a true and fair view of the group's net equity and financial position as of 31 March 2014, and of its results and its cash flows for the year then ended, in accordance with the accounting principles consistent with International Financial Reporting Standards as implemented by the Belgian Royal Decree of 7 December 2010 on real estate investment trusts and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

- The directors' report on the consolidated financial statements includes the information required by

law, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

Antwerp, 23 May 2014

The statutory auditor
DELOITTE Bedrijfsrevisoren / Réviseurs
d'entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kathleen De Brabander

4. STATUTORY INCOME STATEMENT

INCOME STATEMENT (in € 000)	31.03.14	31.03.13
Rental income	41,467	37,294
Rental related expenses	-619	-460
Net rental income	40,848	36,834
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	3,535	3,214
Rental charges and taxes normally payable by tenants on let properties	-3,695	-3,595
Other rental related income and expenses	-43	-26
Property result	40,645	36,427
Technical costs	-988	-1,061
Commercial costs	-192	-102
Charges and taxes on unlet properties	-116	-120
Property management costs	-780	-563
Other property charges		-1
Property charges	-2,076	-1,848
Operating property result	38,569	34,579
Operating corporate costs	-2,162	-1,933
Other current operating income and expenses		

INCOME STATEMENT (in € 000)	31.03.14	31.03.13
Operating result before result on portfolio	36,407	32,646
Result on disposals of investment properties	171	303
Result on sales of other non-financial assets		
Changes in fair value of investment properties	3,789	7,407
Operating result	40,367	40,356
Financial income	1,917	1,991
Interest charges	-15,634	-15,429
Other financial charges	-32	-158
Financial result	-13,749	-13,596
Result before taxes	26,618	26,761
Taxes	58	20
Net result	26,676	26,781

5. STATUTORY BALANCE SHEET

ASSETS (in € 000)	31.03.14	31.03.13
Non-current assets	699,406	624,895
Goodwill		
Intangible non-current assets	26	51
Investment properties	642,537	571,565
Other tangible non-current assets	296	352
Financial non-current assets	56,545	52,928
Trade receivables and other non-current assets	2	0
Current assets	19,277	13,335
Non-current assets or groups of assets held for sale	4,385	7,488
Trade receivables	579	519
Tax receivables and other current assets	13,194	4,428
Cash and cash equivalents	748	606
Deferred charges and accrued income	371	294
TOTAL ASSETS	718,683	638,230

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.14	31.03.13
Shareholders' equity	357,909	270,637
Capital	160,961	129,389
Issue premiums	93,094	52,857
Reserves	77,177	61,611
Net result of the financial year	26,677	26,781
Liabilities	360,774	367,594
Non-current liabilities	334,369	340,600
Provisions		
Non-current financial debts	310,962	311,221
Credit institutions	310,962	311,221
Other non-current liabilities	23,407	29,379
Current liabilities	26,405	26,993
Current financial debts	19,457	14,960
Credit institutions	19,457	14,960
Trade debts and other current debts	4,059	10,058
Other current liabilities	73	93
Accrued charges and deferred income	2,816	1,882
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	718,683	638,230

QUALITY

PERMANENT DOCUMENT

The Retail Estates expert team is at your
service.

Permanent document

➔ 1. GENERAL INFORMATION

IDENTIFICATION

Name

The official name of the company is Retail Estates nv “Vastgoedbeleggingsvennootschap met Vast Kapitaal naar Belgisch recht” or “Vastgoedbevak naar Belgisch recht” (i.e. Real estate investment company with a fixed capital, according to Belgian law).

Registered office

The registered office of the company is located at Industrielaan 6, 1740 Ternat, Belgium. Under article 2 of the articles of association, the registered office of the company may be relocated to any place in Belgium following a decision by the board of directors, without the need to amend the articles of association.

Company number

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

Legal form, establishment, publication

The public limited company “Retail Estates – Vastgoedbevak naar Belgisch recht” was established by a legal instrument executed by the civil notary Urbain Drieskens at Houthalen on 12 July 1988 and

subsequently published in the appendix to the Belgian Official Gazette on 29 July 1988 under number 880729-313.

The articles of association were most recently amended by means of a notarised record drawn up on 9 December 2013, by Eric Spruyt, associated Notary in Brussels, and published in the appendix to the Belgian Official Gazette on 31 December 2013, under number 196755, with the new article 7 becoming effective on 1 January 2014.

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

Duration

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

Social purpose and investment policy

Article 3 of the articles of association:

« The company's purpose is the collective investment in real estate using funds obtained from the public, as defined in the sicafi legislation.

Consequently, the company shall primarily invest in real estate, as defined in the sicafi legislation, namely:

1. real property as defined in Articles 517 et seq. of the Civil Code and rights in rem to real property;

2. voting shares issued by real estate companies over which the company exercises joint or exclusive control;
3. option rights to real property;
4. shares of public or institutional sicafis, provided joint or exclusive control is exercised over institutional sicafis;
5. shares of foreign undertakings for collective investment in real estate, under the circumstances provided for by the sicafi legislation;
6. real estate certificates, within the meaning of Article 5 § 4 of the Act of 16 June 2006;
7. rights arising from agreements granting finance leases to the company for one or more properties or conferring other analogous rights of use.

Within the limits of its investment policy, as defined in Article 4 of these articles, and in accordance with the sicafi legislation, the company can engage in the acquisition, renovation, improvement, lease, sublease, management, exchange, sale, subdivision, and subjection to joint ownership of the property described above, acquire a stake, by means of a merger or otherwise, in any company whose purpose is similar or complementary to its own (including a stake in a controlled subsidiary that provides services to the lessors of real property of the sicafi and/or of its subsidiaries) and, in general, carry out all transactions relating directly or indirectly to its corporate purpose.

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

guarantor for, a subsidiary, within the limits of the sicafi legislation.

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

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

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

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

Article 4 of the articles of association:

« In order to ensure an adequate allocation of the investment risk, the company shall invest in real

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 retail properties

property intended primarily for retailing, located in the suburbs, with a surface area ranging in general from five hundred square meters (500 m²) to ten thousand square meters (10,000 m²). The real property shall be located throughout Belgium and possibly in other Member States of the European Union.

At the most, ten percent (10 %) of the company's assets can be invested in real estate whose main activity does not meet the above-mentioned criteria. For the purposes of this article, retailing is understood to mean: both commercial services, and retail with individuals and/or retailers that takes place in a shop or showroom. »

Financial year

The financial year of the company shall start on 1 April and end on 31 March of each year. The first financial year as a real estate investment company ran from 1 April 1998 to 31 March 1999.

Inspection of documents

The non-consolidated and consolidated annual accounts, articles of association, annual reports and other information disclosed publicly to shareholders may be obtained free of charge at the registered office of the company. The non-consolidated and consolidated annual accounts and the supplementary reports shall be lodged with the National Bank of Belgium. The articles of association may be obtained from the Clerk of the Brussels Commercial Court or on the website www.retailstates.com.

Notices convening general meetings shall be published in the appendices to the Belgian Official Gazette and in the newspaper De Standaard. The convening notices

and all relevant documents shall simultaneously be made available on the website at www.retailstates.com > Investor Relations > Shareholders' agenda > (Extraordinary) general meeting.

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

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

LEGAL REGIME

The legal regime for a real estate investment company

The real estate investment company system was established by the Royal Decree of 7 December 2010, which superseded all previous texts.

The concept of an investment company with fixed capital is akin to the Real Estate Investment Trust (USA) and the Beleggingsinstellingen (the Netherlands).

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

- the legal status must be that of a private limited company or a partnership limited by shares, with a minimum capital of EUR 1,250,000;
- indebtedness must be limited to 65 %;
- the portfolio must be stated at fair value (real value) without a possibility of write-downs;
- independent experts must make an annual estimate of the real estate assets, which must be updated at the end of the first three quarters of each financial year;
- at least 80 % of the current result must be paid out as a dividend;
- the risk must be spread, i.e. not more than 20 % of the assets may be invested in one and the same real estate complex;
- virtually complete exemption from corporation tax;
- an advance levy (currently 25 %) must be deducted from the payable dividend. This is by way of discharge of obligations, insofar as natural persons are concerned, who acquired the shares as part of the management of their private property;
- there must be a stock exchange listing;
- the activity must be confined to real estate investments; additionally, the real estate investment company may place assets in securities;
- possibility to request that branches of the real estate investment company be given the status of an institutional real estate investor.

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

2. ARTICLES OF ASSOCIATION

CORPORATE FORM - NAME - REGISTERED OFFICE - CORPORATE PURPOSE - TERM OF EXISTENCE

Article 1: Corporate form and name

The company takes the form of a limited liability company under Belgian law with the name "Retail Estates". This name shall be immediately followed by the words "public fixed-capital real estate investment company under Belgian law" or "Public real estate sicafi under Belgian law" ("Société d'investissement immobilière à capital fixe publique de droit belge" or "sicafi publique de droit belge" / "Vastgoedbeleggingsvennootschap met vast kapitaal naar Belgisch recht" or "Vastgoedbevak naar Belgisch recht") and all documents issued by the company shall contain this mention.

The company has made a public offering within the meaning of Article 438(1) of the Companies Code.

The company is an undertaking for collective investment in a fixed number of transferable securities, subject to the statutory framework governing fixed-capital investment companies set forth in Articles 18 till 21 of the Act of 3 August 2012 on certain forms of collective management of investment portfolios. The company has opted to invest in real estate, as mentioned in Article 7(1)(5) of the aforementioned act.

The company is subject to the relevant provisions of the Act of 3 August 2012 on certain forms of collective management of investment portfolios, as well as to the royal decrees implementing the act, which are applicable to public undertakings for collective investment in a fixed number of transferable securities,

investing in the category of assets mentioned in Article 7(1)(5) of the act (real estate) (this act and its implementing decrees are hereinafter referred to as the "sicafi legislation").

Article 2: Registered office

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

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

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

Article 3: Corporate purpose

The company's purpose is the collective investment in real estate using funds obtained from the public, as defined in the sicafi legislation.

Consequently, the company shall primarily invest in real estate, as defined in the sicafi legislation, namely:

1. real property as defined in Articles 517 et seq. of the Civil Code and rights in rem to real property;
2. voting shares issued by real estate companies over which the company exercises joint or exclusive control;
3. option rights to real property;
4. shares of public or institutional sicafis, provided joint or exclusive control is exercised over institutional sicafis;

5. shares of foreign undertakings for collective investment in real estate, under the circumstances provided for by the sicafi legislation;
6. real estate certificates, within the meaning of Article 5 § 4 of the Act of 16 June 2006;
7. rights arising from agreements granting finance leases to the company for one or more properties or conferring other analogous rights of use.

Within the limits of its investment policy, as defined in Article 4 of these articles, and in accordance with the sicafi legislation, the company can engage in the acquisition, renovation, improvement, lease, sublease, management, exchange, sale, subdivision, and subjection to joint ownership of the property described above, acquire a stake, by means of a merger or otherwise, in any company whose purpose is similar or complementary to its own (including a stake in a controlled subsidiary that provides services to the lessors of real property of the sicafi and/or of its subsidiaries) and, in general, carry out all transactions relating directly or indirectly to its corporate purpose.

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

On a temporary or subsidiary basis, the company can also invest in securities which are not real estate. Such investments shall be diversified in order to ensure an adequate allocation of risk. The company can hold non-committed liquid assets. The liquid assets can be held in all currencies, in the form of demand and term

deposits, as well as all easily convertible money market instruments.

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

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

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

Article 4: Investment policy

In order to ensure an adequate allocation of the investment risk, the company shall invest in real property intended primarily for retailing, located in the suburbs, with a surface area ranging in general from five hundred square meters (500 m²) to ten thousand square meters (10,000 m²). The real property shall be located throughout Belgium and possibly in other Member States of the European Union.

At the most, ten percent (10 %) of the company's assets can be invested in real estate whose main activity does not meet the above-mentioned criteria. For the purposes of this article, retailing is understood

to mean: both commercial services, and retail with individuals and/or retailers that takes place in a shop or showroom.

Article 5: Term

The company is incorporated for an indefinite term.

Capital - shares

Article 6: Capital

6.1. Share capital

The company's share capital is fixed at one hundred and sixty-four million, thirty-seven thousand, eighty-seven euros, and seventy-four cents (EUR 164,037,087.74).

The capital is divided into seven million, two hundred and ninety thousand, four hundred and eleven (7,290,411) shares, without par value, each of which represents 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 share capital on one or more occasions, up to a maximum amount of one hundred and sixty-four million, thirty-seven thousand, eighty-seven euros, and seventy-four cents (EUR 164,037,087.74).

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

shares, unless these decisions are taken by the general meeting.

Within the above limits, and without prejudice to mandatory provisions of the Companies Code, the board of directors can decide to increase the capital, by means of contributions in cash or in kind, the incorporation of reserves or issue premiums, with or without the issuance of new shares, on a case-by-case basis. The board of directors is also authorised, by the general meeting, to issue other securities, including, without limitation, (subordinated or non-subordinated) convertible bonds, warrants, non-voting shares, and preferred shares with regard to dividends and/or liquidation proceeds.

Moreover, the board of directors is allowed to limit or remove the preferential right granted by the Companies Code to the shareholders, including those in favour of one or more persons other than the employees of the company or a subsidiary, provided an irreducible allocation right is granted to the existing shareholders upon the distribution of new shares. This irreducible allocation right shall meet the requirements determined by the sicafi 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 sicafi legislation and Article 6.4 of these articles of association. Such

contributions can include a right to a dividend in the context of an optional stock dividend distribution.

Without prejudice to the authorisation granted to the board of directors in accordance with the preceding paragraphs, the board of directors is authorised to proceed with one or more capital increases, in the event of a takeover bid for all of the company's shares, under the conditions set forth in Article 607 of the Companies Code, provided the company has received an acknowledgement of the takeover bid from the Financial Services and Markets Authority (FSMA) within a period of three years from the extraordinary general meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the sicafi legislation. Capital increases carried out by the board of directors pursuant to this authorisation will be deducted from the remaining authorised capital, mentioned in the first paragraph of this article.

When capital increases carried out pursuant to these authorisations entail an issue premium, the amount thereof shall be allocated to a non-distributable "issue premium" reserve which shall serve, like the capital, as a guarantee to third parties, and which can only be reduced or abolished pursuant to a decision of the general meeting, deliberating in accordance with the conditions set forth in Article 612 of the Companies Code, without prejudice to its incorporation in the company's capital.

6.3. Acquisition, transfer and pledge of own shares

The company can acquire or pledge its own shares on the conditions provided for by law. The company is authorised to transfer the acquired shares, on or off

market, on the conditions determined by the board of directors, without the prior consent of the general meeting.

The board of directors is authorised, within the limits of Articles 620 et seq. of the Companies Code, to decide that the company can acquire, pledge and transfer its own shares when such acquisition or transfer is necessary to avoid serious, imminent harm to the company. This authorisation is valid for a period of three (3) years, as from the publication in the annexes to the Belgian State Gazette of the authority granted by the extraordinary general meeting of 27 May 2011, and can be extended by the general meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary general meeting of 27 May 2011, to acquire, pledge and transfer (including off market) the company's own shares on the company's behalf, at a unit price which cannot be less than eighty-five percent (85 %) of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge) and cannot exceed one hundred and fifteen percent (115 %) of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge), subject to the requirement that the company cannot, at any time, hold more than 20 % of the total outstanding shares.

The above-mentioned authorisations extend to acquisitions and transfers of the company's shares by its subsidiaries within the meaning of the first paragraph of Article 627 of the Companies Code, including instances when such acquisitions are made

by persons acting in the name and on behalf of a subsidiary.

6.4. Capital increase

Any capital increase shall meet the requirements of Articles 581 through 609 of the Companies Code and the sicafi legislation.

The company's capital can be increased pursuant to a decision of the general meeting, deliberating in accordance with Article 558 and, if applicable, Article 560 of the Companies Code, or pursuant to a decision of the board of directors within the limits of the authorised capital. It is, however, forbidden for the company to subscribe, directly or indirectly, to its own capital.

In the event of a capital increase by means of a cash contribution, pursuant to a decision of the general meeting, or within the limits of the authorised capital, the shareholders' preferential right can only be restricted or cancelled if an irreducible allocation right is granted to the shareholders of record at the time that the new shares are awarded. This irreducible allocation right shall meet the following requirements, determined by the sicafi legislation:

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

This irreducible allocation right applies to the issuance of shares, (subordinated or non-subordinated) convertible bonds, and warrants, but does not have to be allocated to a cash contribution with a limitation or cancellation of the preferential right, in addition to a contribution in kind, in the context of the distribution of an optional stock dividend, provided the grant thereof is effectively open to all shareholders.

Capital increases by means of contributions in kind are subject to the rules set forth in Articles 601 and 602 of the Companies Code.

Moreover, the following requirements must be met in the event of the issuance of securities, following a contribution in kind, in accordance with the sicafi legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Companies Code, and also, if applicable, in the notice of the general meeting called to vote on the capital increase;
 2. the issue price cannot be less than the lower value of the following: (a) a net asset 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 asset value, and the capital, as well as the impact on voting rights.

These additional conditions are not applicable in the event of the contribution of a right to a dividend in the context of an optional stock dividend distribution, provided the grant thereof is effectively open to all shareholders.

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

serve, like the share capital, as a common guarantee for the benefit of third parties.

6.5. Capital increase in an institutional fixed-capital real estate investment company

In the event of a capital increase by means of a contribution in cash in an institutional fixed-capital real estate investment company at a price that is 10 % or more lower than the lower of (a) a net asset value dated no more than four months before the start of the issue and (b) the average closing market (share) price over the thirty calendar days preceding the issue start date, the board of directors draws up a report in which it explains the economic justification of the discount applied, the financial consequences of the transaction for the shareholders of the public fixed-capital real estate investment company and the importance of the capital increase concerned for the public fixed-capital real estate investment company.

This report and the valuation criteria and methods applied are explained by the auditor of the public fixed-capital real estate investment company in a separate report. The reports from the board of directors and the auditor are published in accordance with Article 35 ff. of the Royal Decree of 14 November 2007 at the latest on the issue start date and in any case as soon as the price has been set, if this is done earlier.

For the application of the above paragraphs, it is permitted to deduct from the amount indicated in point (b) of the first paragraph an amount corresponding to the portion of the undistributed gross dividend of which the new shares could be deprived, provided the board of directors of the public fixed-capital real estate investment company specifically justifies the amount of

the dividend thus deducted and sets out the financial conditions for the transaction in its annual financial report.

If the institutional fixed-capital real estate investment company is not a listed company, the discount referred to in the first paragraph is only calculated on the basis of a net asset value dated no more than four months previously.

This Article 6.5 does not apply to capital increases that are subscribed in full by the public fixed-capital real estate investment company or its subsidiaries whose capital is held entirely, whether directly or indirectly, by the public fixed-capital real estate investment company.

6.6. Capital reduction

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

6.7. Mergers, divisions and equivalent transactions

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

Article 7: Characteristics of the shares

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

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

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

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

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

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

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

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

Article 8: Exercising of the rights attached to the shares

The shares are indivisible, and the company only recognises one owner per share. When several persons can claim rights to the same share, the exercising of the rights attached to this share shall be suspended until a single person is designated as the owner with regard to the company.

Article 9: Other securities

The company is authorised to issue the securities mentioned in Article 460 of the Companies Code, with the exception of profit sharing instruments and analogous securities, provided that the specific rules stipulated by the sicafo 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 sicafo legislation.

Every shareholder is obliged to notify the company and the Financial Services and Markets Authority (FSMA) of their possession of securities with voting effects, their voting rights, or similar financial instruments issued by the company, in accordance with the legislation on the disclosure of substantial shareholdings.

The thresholds above which the notification obligation comes into effect, for the purposes of the legislation on the disclosure of substantial shareholdings, is fixed at three percent (3 %), five percent (5 %) and multiples of five percent (5 %) of the total number of outstanding voting rights.

With the exception of the derogations provided for by the Companies Code, no-one is allowed more votes at a general meeting of the company than the number of votes attached to the securities which the person in question had declared to own at least twenty (20) days before the date of the general meeting.

Management and supervision

Article 11: Composition of the board of directors

The company is managed by a board, whose composition is intended to ensure autonomous management in the sole interest of the company's shareholders. The board shall be composed of a minimum of three and a maximum of twelve members, who need not necessarily be shareholders in the company, appointed by the general meeting of shareholders for a maximum term of six years, and eligible to be removed by the general meeting at all times. The directors may be re-elected.

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

When a legal entity becomes a director of the company, it is obliged to appoint a permanent representative, in accordance with the applicable provisions of the Companies Code, to perform its duties in its name and on its behalf.

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

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

All directors and their permanent representatives, if any, shall possess the necessary professional integrity

and adequate experience to exercise their functions and ensure autonomous management of the company.

Article 12: Chairperson and meetings of the board of directors

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

The board of directors shall meet when called by the chair, by two directors, or the managing director(s), whenever the interests of the company so require.

Notices of meetings shall indicate the place, date, time, and agenda of the meeting, and shall be sent by regular mail, fax, or email, at least 24 hours in advance.

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

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

Any director can, by letter, fax, email, or any other written means, give a proxy to another member of the board to represent him or her at a given meeting. No member of the board can represent more than two other directors.

Each director that attends or is represented at a meeting is deemed to have been validly notified thereof. A director can also, before or after a board meeting which he or she did not attend, waive his or her right to claim a defect or irregularity with respect to the fulfilment of the convocation formalities. In any case, the proper fulfilment of the convocation formalities need not be proven when all directors are present or validly represented and express their agreement with the agenda.

Meetings of the board of directors can validly be held by videoconference or conference call. In this case, the meeting will be considered to have been held at the company's registered office if at least one director was physically present at this location.

The directors can use the information they acquire in their capacity as directors only in the scope of their official duties.

Article 13: Deliberations

Except in the case of force majeure, the board of directors can validly deliberate and take decisions only if at least half its members are present or represented. If this condition is not met, a new meeting can be called, which can validly deliberate and take decisions on the items on the agenda of the previous meeting if at least two directors are present or represented.

Barring exceptional cases, the meeting can, in principle, only deliberate and vote on the items that are on the agenda.

Pursuant to Article 521 of the Companies Code, in exceptional cases duly justified by their urgency and

the corporate interest, the board of directors can take decisions unanimously in writing. However, it cannot use this procedure to draw up the annual accounts or determine the use of the authorised capital.

Board decisions shall be approved by a simple majority of votes cast by those directors who are present or represented or, in the event of one or more of them having abstained, by a majority of the other directors. In the event of a tie, the director presiding over the meeting shall cast the deciding vote.

When a director has a conflict of interest and consequently does not take part in the board's deliberations or vote on a particular decision or transaction, the vote of this director shall not be taken into account for the purpose of calculating the quorum and majority.

Decisions of the board of directors are recorded in minutes, signed by the chairperson of the board, the secretary, and those members who so request. These minutes are kept in a special register. Proxies are attached to the minutes of the meeting for which they were given.

Copies of, or extracts from, these minutes, which are to be used in legal proceedings or otherwise, shall be signed by the chairperson of the board of directors, two directors, or a director entrusted with the daily management. This authority can be delegated to a representative.

Article 14: Prevention of conflicts of interest

The directors, the person(s) in charge of the daily management, and the company's representatives

cannot act as a counterparty in a transaction with the company or one of its subsidiaries, or derive any benefit from such a transaction, except when the transaction is proposed in the interest of the company, falls within the company's investment policy, 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 sicafi legislation.

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

Article 15: Powers of the board of directors

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

The board of directors shall draw up the semi-annual report and the annual report. The board shall appoint one or more experts, in accordance with the sicafi legislation, and if applicable, propose any modification to the list of experts, contained in the file

accompanying its application to be recognised as a sicafi.

The board can determine the remuneration of any representative on whom it confers special powers, in accordance with the sicafi legislation.

Article 16: Remuneration of the directors

The directors shall be reimbursed for normal, legitimate expenses and costs incurred in the performance of their duties, provided that these costs were previously discussed with and accepted by the chairperson of the board of directors.

Moreover, in accordance with the sicafi legislation, no remuneration can be granted to directors based on a specific transaction of the company or its subsidiaries.

Article 17: Effective management, daily management, and delegation of powers

The effective management of the company must be conferred onto a minimum of two natural persons, or a one-person limited-liability company, on the conditions provided for by the sicafi legislation.

The persons entrusted with the effective management of the company must possess the necessary professional integrity and adequate experience to exercise their functions, in accordance with the sicafi legislation.

The board of directors can delegate the daily management of the company to one or more persons, on the understanding that the daily management shall be organised in such a way that the board of directors has at least two directors who can jointly ensure the

daily management or supervise the performance thereof.

The board and the persons entrusted with the daily management, within the limits of their powers, can delegate to a representative, who need not be a director, all or some of their powers pertaining to extraordinary or specific questions within the context of a given assignment.

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

Article 18: Management committee

Without prejudice to Article 17, concerning the daily management and the delegation of powers, and within the limits provided for by Article 524bis of the Companies Code, the board of directors can delegate all or some of its management powers to a management committee, composed of several members, who need not be directors, although this delegation of powers cannot concern the company's general policy, with regard to any acts reserved by law or the articles of association to the board of directors, or decisions or transactions to which Article 524ter of the Companies Code applies, in which case the notification procedure set forth in Article 524ter § 2 will apply.

The board of directors is responsible for overseeing the management committee. The board determines the management committee's working procedure and the conditions for the appointment and removal of its

members, as well as their remuneration and the length of their term of office.

When a legal entity is appointed to the management committee, it is obliged to designate, in accordance with the applicable provisions of the Companies Code, a permanent representative to perform its duties in its name and on its behalf.

Article 19: Representation of the company

The company is validly represented in all actions, including those involving a public official or a notary, either by two directors acting jointly or, in the context of the daily management, by a person entrusted with such management. With respect to third parties, they need not produce proof of a prior board decision.

For any transaction involving the sale of a real property, the company must be represented by at least two directors acting jointly.

The board of directors may in particular appoint authorised representatives of the company for acts of disposal of real estate (within the meaning of the applicable rules on fixed-capital real estate investment companies), provided (i) the board of directors exercises actual control over the instruments or documents that are signed by the special proxy holder(s); (ii) the internal procedure determined for this purpose is followed, relating to both the content of the control and its periodicity; (iii) a proxy is always granted that relates to a clearly specified transaction or a clearly defined group of transactions; (iv) the relevant limits are indicated in the proxy itself; and (v) the proxy is limited in time, this being the time needed to finalise the transaction.

If the transaction (including the conclusion of a lease agreement, with or without a purchase option or the establishment of easements) involves a property whose value is less than either 1 % of the company's consolidated balance sheet, or EUR 2,500,000, the company can be validly represented by the director in charge of the daily management.

Without prejudice to the third paragraph of this Article 19, the company is moreover validly bound by special representatives acting within the limits of the assignment entrusted to them.

The company can be represented abroad by any person expressly authorised to do so by the board of directors.

Article 20: Audit

The company shall appoint one or more auditors to perform the duties incumbent on them pursuant to the Companies Code and the sicafi legislation.

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

General meetings of the shareholders

Article 21: Meetings

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

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

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

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

One or more shareholders collectively possessing at least 3 % of the share capital can, in accordance with the provisions of the Companies Code and its limits, request the inclusion of items on the agenda of any general meeting, and submit proposals for resolutions on the items included or to be included on the agenda. Additional agenda items or proposed resolutions must be submitted to the company no later than on the twenty-second (22nd) day before the date of the general meeting. The directors shall answer the questions put to them by shareholders during the general meeting, or those which have been submitted in writing, about their report or other agenda items, provided that the provision of the information or facts in question could not harm the company's professional interests or undermine their duty of confidentiality to the company. As soon as the notice of the general meeting is published, the shareholders can submit questions in writing, which will be answered during the meeting, provided that they were submitted to the company no later than the sixth day prior thereto.

The auditor(s) shall answer the questions asked by the shareholders about his/her/their audit report.

Article 22: Notice

Pursuant to Article 533 of the Companies Code, a general meeting must be called by means of a notice published in the Belgian State Gazette, a national newspaper (except in those cases expressly mentioned in the Companies Code) and in the media in accordance with the requirements of the Companies Code, at least 30 days before the meeting. If a new meeting must be called, and if the date of the second meeting is mentioned in the first notice, the notice for the second meeting must be published at least 17 days before the meeting.

The notice shall be sent to the holders of shares, bonds, registered warrants and registered depositary receipts which have been issued in collaboration with the company, as well as to the directors and auditors within the above-mentioned period before the meeting; the notice can be sent by regular mail, unless the recipients have individually and expressly agreed in writing to receive the notice by another means of communication. No proof need be provided of the fulfilment of this formality.

The notice shall contain the agenda for the meeting, with a mention of the subjects to be discussed and the proposed resolutions, as well as the date, time, and place of the meeting, and the other information required by the Companies Code.

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

A shareholder that participates in, or is represented at, a meeting is considered to have received valid

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

Article 23: Participation in the general meeting

The right to participate in and vote at a general meeting is subject to the recording of the shares in the shareholder's name on the fourteenth day preceding the general meeting, at twenty-four hours (Belgian time) (hereinafter the "record date"), in either the register of the company's registered shares or in the books held by an authorised account holder or settlement institution, or by submission of the bearer shares to a financial intermediary, without regard to the number of shares actually held by the shareholder on the date of the general meeting.

The holders of dematerialised or bearer shares that wish to take part in a general meeting must produce a certificate issued by their financial intermediary or 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 or the number of bearer shares produced on the record date, with which the shareholder has declared his or her intention to participate in the general meeting.

The certificate must be submitted to the company's registered office or to an institution identified in the notice of the meeting, no later than six days before the date of the meeting.

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

All shareholders or their proxy holders are obliged, before participating in a meeting, to sign the attendance list, indicating the last name, the first name(s), and the address of the shareholder and the number of shares represented.

Article 24: Proxy voting

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

A shareholder can only appoint one proxy holder for a given general meeting, without prejudice to the derogations provided for in the Companies Code.

In order to be valid, any request to appoint a proxy holder shall include at least the following information: (1) the agenda for the meeting, mentioning the subjects to be discussed and the proposed resolutions; (2) a request for instructions regarding the exercising of voting rights for the various items on the agenda; and (3) an indication of the manner in which the proxy holder should exercise the voting rights, in the absence of instructions from the shareholder.

The proxy form must be signed by the shareholder and be submitted at the company's registered office, or the location indicated in the notice, no later than the sixth day before the general meeting.

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

Article 25: Correspondence voting

If the board of directors so authorises in the notice of the meeting, shareholders can vote on the items on the agenda by correspondence, using a form prepared and made available by the company.

The form for distance voting shall include at least the following information: (1) the name or corporate name of the shareholder, as well as the shareholder's address or registered office; (2) the number of votes the shareholder wishes to cast at the general meeting; (3) the type of shares held; (4) the agenda for the meeting, including proposals for resolutions; (5) the deadline by which the form must reach the company; and (6) the shareholder's signature. The form shall expressly state that it must be signed by the shareholder and sent to the company by registered letter no later than six days before the date of the meeting.

Article 26: Presiding committee

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

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

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

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

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

Each share carries one vote.

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

Article 28: Deliberations and voting

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

The general meeting cannot deliberate on items that do not appear on the agenda, unless all shareholders are physically present or represented at the meeting and unanimously decide to extend the agenda.

Unless provided otherwise by law or by provisions of the articles of association, any decision can be adopted by the general meeting by a simple majority of the votes cast. Blank and invalidly marked ballots shall not be counted when calculating the votes cast.

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

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

- an amendment to the articles,
- an increase in or reduction of the share capital,
- the issuance of shares below the accounting par value,
- the issuance of convertible bonds or warrants,
- the dissolution of the company,

at least half the shares representing the capital must be represented at the meeting. If this condition is not met, a new meeting must be called, which will validly deliberate, regardless of the number of shares represented.

Decisions on the above-mentioned subjects must be approved by a majority of three quarters of the votes cast, without prejudice to other rules of attendance and majority provided for by the Companies Code, including those in relation to the modification of the corporate purpose, the acquisition, the pledge, and the transfer of own shares by the company, the dissolution of the company when, as the result of losses, the company's net asset value falls below a quarter of its share capital, and the conversion of the company into a different corporate form.

Voting shall take place by a show of hands or roll call, unless the general meeting decides otherwise by a simple majority of votes cast.

Article 29: Minutes

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

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

Financial year - annual report - dividends

Article 30: Financial year and the annual report

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

At the end of each financial year, the board of directors shall draw up a list of assets and liabilities, as well as the financial statements. The board of directors shall also draft a report, in which it explains its management of the company. The auditor shall draft a detailed written report, in preparation for the annual general meeting. These documents shall be prepared in accordance with the applicable statutory provisions.

Article 31: Distribution of dividends

On an annual basis, the company must distribute a dividend to its shareholders, within the permissible limits of the Companies Code and the sicafi legislation, the amount of which is prescribed by the sicafi legislation.

The board of directors can, within the limits of the applicable provisions of the Companies Code, distribute an interim dividend from the profits for the financial year and determine a payment date.

Article 32: Payment of dividends

The dividends that the general meeting decides to distribute shall be paid at the time and place determined by the general meeting or the board of directors.

Any dividends or interim dividends distributed in violation of the law must be reimbursed by the shareholders who received them, if the company can prove that the shareholders in question had known, or should have known, under the circumstances, that the distribution made in their favour was contrary to the statutory requirements.

Article 33: Financial service

The board of directors shall designate the institution in charge of the company's financial service in accordance with the sicafi legislation.

The appointment of this institution can be suspended or revoked at any time by the board of directors. The company shall ensure that any such suspension or revocation does not adversely affect the continuity of the financial service.

The above-mentioned appointments and revocations shall be posted on the company's website and published in the press, in accordance with the statutory requirements.

Article 34: Annual report and semi-annual report

The company's annual and semi-annual reports, containing the stand-alone and consolidated annual and semi-annual accounts, and the auditor's report, shall be placed at the disposal of the shareholders, in accordance with the applicable statutory provisions applicable to the issuers of financial instruments admitted to trading on a regulated market and within the sicafi 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 35: Appointment and powers of the liquidators

In the event of the dissolution of the company, for whatever reason and at any time whatsoever, the liquidation shall be carried out by one or more liquidators appointed by the general meeting. The liquidator(s) can only take office after a confirmation of their appointment by the commercial court. If no liquidator(s) is/are appointed, the members of the board of directors shall be considered liquidators with regard to third parties.

The liquidators shall form a board. To this end, they shall have the broadest powers in accordance with the applicable provisions of the Companies Code, without prejudice to any limits imposed by the general meeting.

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

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

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

Article 36: Allocation of liquidation proceeds

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

Any remaining balance shall be divided equally amongst the shares.

General provisions

Article 37: Choice of domicile

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

The holders of registered shares must notify the company of any change of address; in the absence thereof, all communications, notices and convocations will be validly sent to their last known address.

Article 38: Applicable law

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

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MISCELLANEOUS

Miscellaneous

➔ 1. STATEMENTS

RESPONSIBILITIES

The board of directors of Retail Estates nv is responsible for the contents of this annual report, subject to information provided by third parties, including reports of the auditor and the real estate experts.

The board of directors, whose members are named on page 42, hereby declares that, to the best of its knowledge:

- this annual report accurately presents important events and, where applicable, the most important transactions conducted with affiliated parties in the course of the financial year, and the impact of those transactions on the abbreviated financial statements;
- this report makes no omissions that significantly alter the scope of any statement made in the annual report;
- the abbreviated financial statements, which were prepared in accordance with the applicable accounting standards and were thoroughly audited by the auditor, accurately present the property, the financial condition, and the results of Retail

Estates nv and the subsidiaries included in the consolidation. The management report further contains the expectations concerning next year's results, plus explanatory notes on the risks and the uncertainties facing the company.

STATEMENTS CONCERNING DIRECTORS

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

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements, including, but not limited to, statements using such words as "believe", "anticipate", "expect", "intend", "plan", "pursue", "estimate", "can", "will", "continue", and similar expressions. These forward-looking statements are made in the context of known and unknown risks, uncertainties and other factors that might cause the actual results, the financial condition, the performance, or the accomplishments of Retail Estates nv, Finsbury Properties nv, Distri-Land nv, Belgium Retail 1 Luxembourg sàrl, Poperinge Invest nv, Aalst Logistics nv, Erpent Invest nv, Retail Warehousing Invest nv, Ducova bvba and SDW Invest 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.

2. GLOSSARY

ACQUISITION VALUE

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

BEL MID-INDEX

Since 1 March 2005, this has been a weighted price index of shares quoted on Euronext that makes allowance for the stock-market capitalisation, with the weightings determined by the free float percentage and the velocity of circulation of the shares in the basket.

BOOK VALUE OF A COMPANY

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

BOOK VALUE OF A SHARE

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

BULLET LOAN

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

CHAIN STORES

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

CONTRACTUAL RENTS

The index-linked basic rents as provided in the lease agreements as of 31 March 2014, before deduction of gratuities or other benefits granted to tenants.

CORPORATE GOVERNANCE

Good governance means adherence to principles such as transparency, integrity and balance between responsibilities, based on the recommendations of the FSMA and Euronext. In a more general sense, they are part of strict business ethics and require compliance with the Law of 2 August 2002.

DEBT RATIO

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

18
employees

ESTIMATED INVESTMENT VALUE

This is the value of the real estate portfolio, including costs, registration charges, fees and VAT, as estimated each quarter by an independent expert.

ESTIMATED LIQUIDATION VALUE

This is the value excluding costs, registration charges, fees and recoverable VAT, based on a scenario whereby the buildings are sold on a building-by-building basis.

EXIT TAX

The exit tax is a special corporate tax rate applied to the difference between the fair value of the registered capital of companies and the book value of its capital at the time that a company is recognised as a fixed-capital real estate investment fund, or merges with a fixed-capital real estate investment fund.

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

Gross dividend per share is the operating profit distributed.

IAS

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

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

IFRS

International Financial Reporting Standards are a set of accounting principles and valuation rules prepared by the International Accounting Standards Board. The aim is to simplify international comparison between European listed companies.

Listed companies are required to prepare their consolidated accounts according to these standards starting from the first financial year beginning after 1 January 2005.

INSTITUTIONAL INVESTOR

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

INTRINSIC VALUE

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

INVESTMENT VALUE

This is the value of a building, as estimated by the independent real estate expert, including the conveyance charges after deduction of the registration charges. This value corresponds with what was formerly

called ‘value after costs paid by the vendor’ or ‘value in hand’.

IRS

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

NET CASH FLOW

Operating cash flow, net current result (share of the group) plus the additions to depreciation, impairments on trade receivables, and additions to, and withdrawals from, provisions, plus the achieved higher or lower value relative to the investment value at the end of the previous financial year, minus the exit tax.

NET CURRENT CASH FLOW

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

NET DIVIDEND

The net dividend is equal to the gross dividend after retention of 25 % withholding tax.

NET INVENTORY VALUE

Revalued net assets.

OCCUPANCY RATE

The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for leasing, expressed in m².

OLO/LINEAR BOND

Government bond usually deemed equivalent to a virtually risk-free investment, and used as such to mitigate the risk premium compared with listed securities. The risk premium is the additional return expected by the investor for the company's risk profile.

OPERATIONAL CASH FLOW (EBITDA)

Operating income (EBIT) plus depreciations and impairments.

OPERATING RESULT (EBIT)

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

PAY-OUT RATIO

The pay-out ratio indicates the percentage of the net profit that will be paid out as a dividend to shareholders. This ratio is obtained by dividing the paid-out net profit by the total net profit.

PERIPHERAL RETAIL STORES

Retail premises grouped along roads leading into and out of cities and towns. Each peripheral retail store has its own car park and an entrance and exit road connecting to the public highway.

PRICE/EARNINGS RATIO (P/E RATIO)

This ratio is calculated by dividing the price of the share by the profit per share. The ratio indicates the number of years of earnings which would be required to pay back the purchase price.

REAL ESTATE CERTIFICATE

A real estate certificate is a security that entitles the holder to a proportionate part of the income obtained from a building. The holder also shares in the proceeds if the building is sold.

RESULT ON PORTFOLIO

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

RETAIL PARK

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

RETURN

The total return achieved by the share in the past 12 months or (most recent price + gross dividend)/price in the previous year.

SECURITISED REAL ESTATE

This is an alternative way of investing in real estate, whereby the shareholder or certificate holder, instead of investing personally in the ownership of a property, acquires (listed) shares or share certificates of a company that has purchased a property.

STOCK MARKET CAPITALISATION

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

VELOCITY OF CIRCULATION

Sum of the shares traded monthly, relative to the total number of shares over the past 12 months.

Information sheet

Name:	Retail Estates nv
Status:	Fixed-capital real estate investment fund organised and existing under the Belgian law
Address:	Industrielaan 6 – B-1740 Ternat
Tel:	+32 2 568 10 20
Fax:	+32 2 581 09 42
E-mail:	info@retailestates.com
Website:	www.retailestates.com
Register of Legal Entities:	Brussels
VAT:	BE 434.797.847
Enterprise number:	0434.797.847
Date of incorporation:	12 July 1988
Status as fixed-capital real estate investment fund granted:	27 March 1998
Duration:	Unlimited
Management:	Internal
Auditor:	Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA - Berkenlaan 8B at B-1831 Diegem, represented by Mrs. Kathleen De Brabander
Financial year closing:	31 March
Capital:	164,037,087.74 EUR
Number of shares:	7,290,411
Annual shareholders' meeting:	First Friday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio:	Investment value EUR 764.19 million – fair value EUR 745.92 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
Real estate experts:	Cushman & Wakefield and CBRE
Number of properties:	548
Type of properties:	Peripheral retail real estate
Liquidity provider:	KBC Securities

RETAIL ESTATES



VASTGOEDBEVAK-SICAFI

Industrielaan 6
B - 1740 Ternat
T. +32 (0)2 568 10 20
F. +32 (0)2 581 09 42

info@retailestates.com
www.retailestates.com