



## Summary for 2016

- Continued execution of the strategy to ensure that the share of premium city high street shops in the real estate portfolio exceeds 75% in the long term.
- As at 31 December 2016, 59% of the real estate portfolio consists of premium city high street shops, 16% of high street shops and 25% of non-high street shops (retail parks and retail warehouses).
- Prominent redevelopment and thorough restoration of a premium city high street shop leased to AS Adventure of 3.000 m<sup>2</sup> on Zonnestraat in Ghent completed.
- Realisation of 14 rental transactions representing approximately 6% of the total annual rental income, resulting in average rental growth of 5%.
- Occupancy rate as at 31 December 2016: 98% (98% as at 31 December 2015).
- Increase by approximately 3% in the fair value of the existing real estate portfolio in financial year 2016, mainly as a result of the stronger yields of the premium city high street shops and new lettings.
- Gross dividend amounts to € 2,45 per share for financial year 2016 (€ 2,51 for financial year 2015). Gross dividend yield of 4,6% based on the closing share price on 31 December 2016, i.e. € 53,85.
- Decrease of the operating distributable result in financial year 2016 to € 2,45 per share (€ 2,51 for financial year 2015), mainly due to the divestment at the end of 2015 of 14 non-strategic properties.
- Limited debt ratio of 27% as at 31 December 2016.
- Vastned Retail Belgium has dedicated management in place.

<sup>1</sup> With unchanged composition of the real estate portfolio compared with 31 December 2015.

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## 1. Operating activities in 2016

### 1.1. General and strategic developments

Vastned Retail Belgium continued to pursue its approach in 2016 by means of an **investment strategy** focusing explicitly on premium quality locations and properties.

Vastned Retail Belgium believes that popular high streets in the city centres of major cities guarantee the most authentic and unique shopping experience while at the same time offering the greatest security as a long-term investment. Based on currently identifiable trends in the retail market, Vastned Retail Belgium intends to continue to concentrate on premium city high street shops. Premium cities are attractive shopping cities that have positive demographic growth, strong purchasing power, a historic city centre, are highly attractive to tourists and are home to national and international institutions and universities. These include cities such as Antwerp, Brussels, Bruges and Ghent. Vastned Retail Belgium will focus exclusively on the prime high streets in the historic centres of these cities. On 31 December 2016, 59% of the real estate portfolio has already been invested in these types of locations.

The aim is to achieve the strategic goal of investing 75% of the portfolio in these markets in the segment of premium city high street shops through acquisitions and divestments. For the remaining 25%, Vastned Retail Belgium will continue to retain high-quality retail warehouse locations and inner-city locations in other cities in its portfolio.

In terms of **divestments**, in 2016 Vastned Retail Belgium sold 1 non-strategic inner-city shop at a secondary location, thereby further increasing the quality of the real estate portfolio

The result of the strategic focus on premium city high street shops is that the buildings attract high-quality tenants and that the average rent increases when lease agreements are renewed. The success of the strategic focus is also apparent from the 99% **occupancy rate** in this segment and the increase in the fair value of the real estate portfolio.

In the area of **leases and rent increase**, 2016 was an active year for Vastned Retail Belgium. A total of 14 rental transactions were concluded that were valued at € 1,2 million in annual rental income. This represents roughly 6% of the company's total annual rental income. The average rent increase in these transactions is about 5%.

The **operating distributable result** amounts to € 12,5 million for financial year 2016, compared to € 12,7 million for financial year 2015, or a decrease of € 0,2 million or almost 2%. This decrease is primarily due to the divestment of non-strategic retail properties, both in 2014 and in 2015, resulting in a reduction of rental income. This effect is partly compensated by lower property charges and financing costs and by income from the acquisition of premium city high street shops in 2015.

With 5.078.525 shares, this represents a **gross dividend** of € 2,45 per share for financial year 2016, compared to € 2,51 in 2015. This implies that the gross dividend share yield is 4,6% based on the share price as at 31 December 2016.

## 1.2. Development of real estate portfolio<sup>2</sup>

As at 31 December 2016, 59% of the real estate portfolio of Vastned Retail Belgium consisted of premium city high street shops, i.e. prime retail properties located on the best shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges (58% as at 31 December 2015). 16% of the

portfolio consists of high street shops (17% as at 31 December 2015), i.e. inner-city shops outside the premium cities, while the non-high street shops, i.e. retail parks and retail warehouses, make up 25% of the real estate portfolio (25% as at 31 December 2015).

REAL ESTATE PORTFOLIO	31.12.2016	31.12.2015
Fair value of investment properties (€ 000)	350.719	346.674
Total leasable space (m <sup>2</sup> )	90.255	90.220

As at 31 December 2016, the fair value of the investment properties of Vastned Retail Belgium was € 351 million (€ 347 million). This increase by € 4 million in 2016 compared to 31 December 2015 is primarily the combined effect of:

- the divestment of 1 non-strategic inner-city shop at a secondary location with a total fair value of € 5 million as at 31 December 2015, or approximately 1,5% of the overall real estate portfolio;
- a € 9 million increase in the fair value of the existing real estate portfolio, primarily from premium city high street shops as a result of stronger yields and new leases.

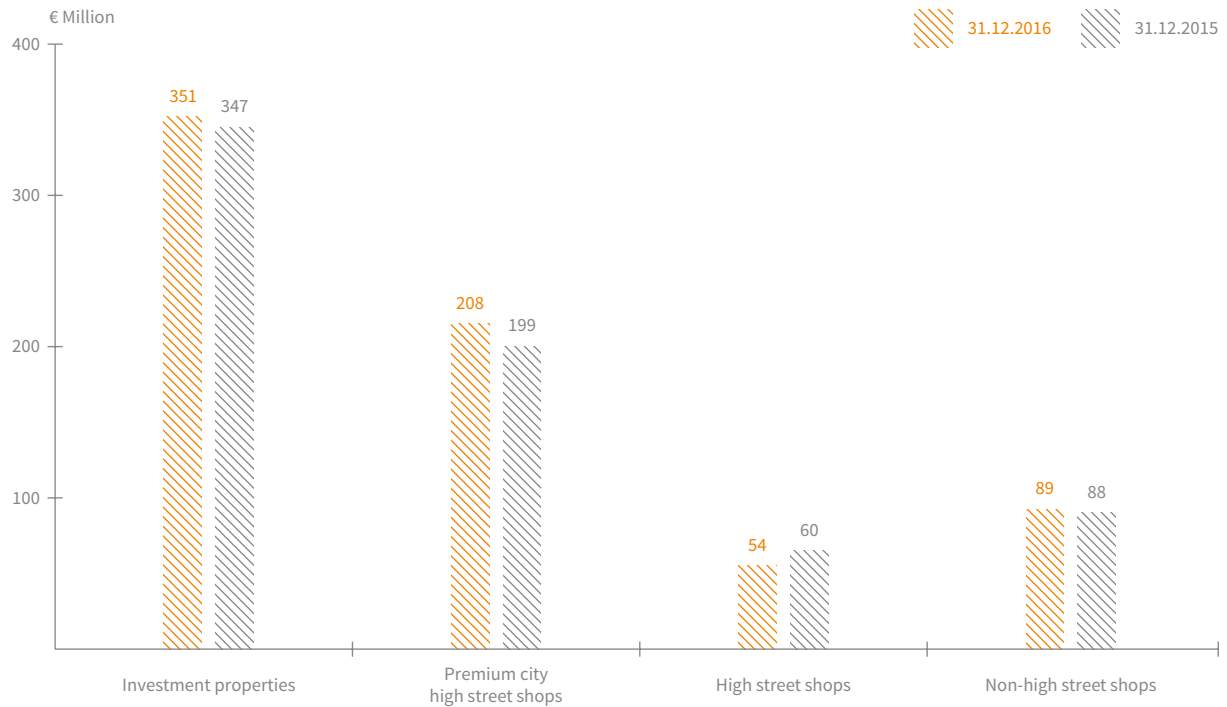
The total fair value of investment properties as of 31 December 2016 is € 351 million.



Graanmarkt 13 - Antwerp

<sup>2</sup> The charts are based on the annual rental income for 2016 and the fair value of the real estate portfolio as at 31 December 2016.

Evolution of the fair value of the existing real estate portfolio (million €)



The **fair value of the existing real estate portfolio** of Vastned Retail Belgium increased by € 9 million or by approximately 3% in 2016 (based on an unchanged composition of the real estate portfolio compared to 31 December 2015). The fair value of the premium city high street shops rose by approximately 4%, the fair value of the non-high street shops rose by approximately 2 %, whereas that of the high street shops remained stable.

Market rents and yields improved in 2016, primarily for premium city high street shops. The average yield in the real estate company’s portfolio rose slightly by 21 base points.

As at 31 December 2016, the average yield in the Vastned Retail Belgium portfolio was 5% for premium city high street shops (5% as at 31 December 2015), 6% for high street shops (6% as at 31 December 2015) and 7% for non-high street shops (7% as at 31 December 2015).



H&M - Steenstraat 80 - Bruges

3 Yield is calculated as the ratio between current rents (increased by the estimated rental value of unoccupied rental premises) and the fair value of investment properties.

Vastned Retail Belgium's investment policy is geared toward retail properties and includes criteria for spreading risk in the real estate portfolio. These criteria are based on the type of property, the geographic location and the type of tenants.

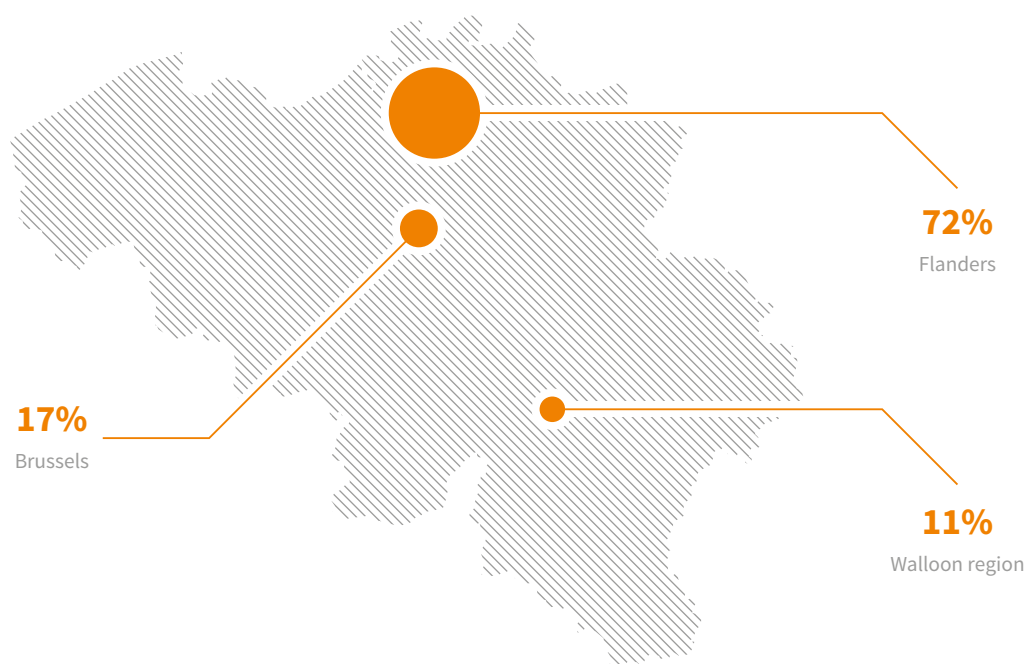
As at 31 December 2016 this risk spread was as follows:

## Type of retail property



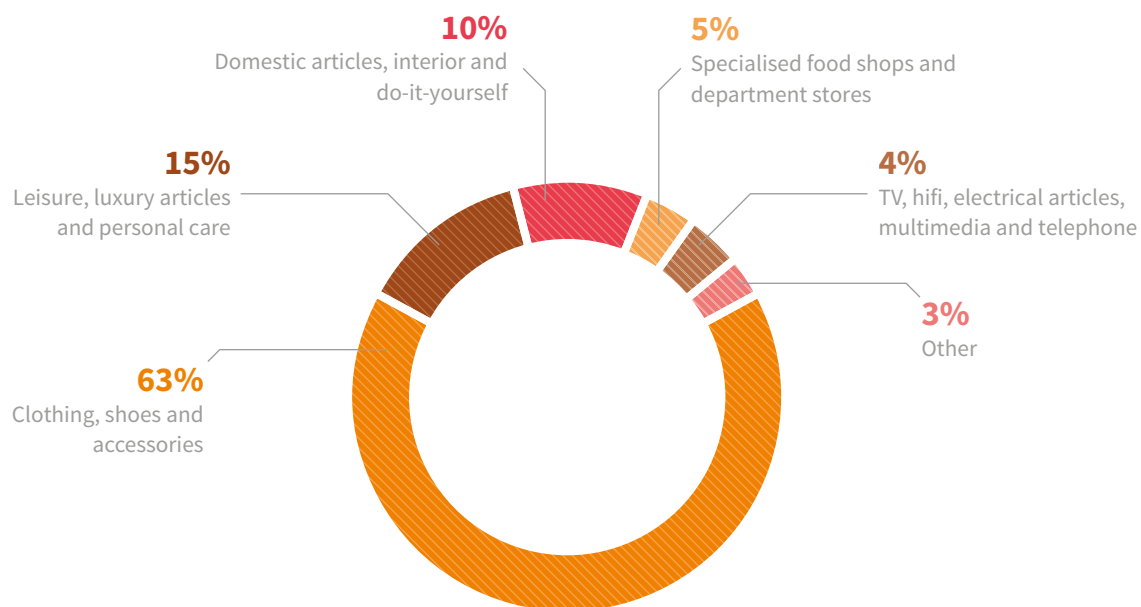
As at 31 December 2016, 59% of the real estate portfolio consists of premium city high street shops, 16% of high street shops and 25% of non-high street shops (retail parks and retail warehouses).

## Geographic spread



The portfolio contains as per 31 December 2016 144 leasable units, distributed across 60 different locations.

### Sector of tenants



### Spread per tenant by size

As at 31 December 2016, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 19,8% of the consolidated assets of Vastned Retail Belgium.

The FSMA has granted Vastned Retail Belgium a derogation from the limitation to 20% in accordance with Article 30 §3 and §4 of the RREC Act. This Article prohibits RRECs from investing more than 20% of their assets in one single property entity. The aforementioned derogation was obtained for 2 years, until October 2017.

On 31 December 2016 Vastned Retail Belgium succeeded in decreasing the share of the buildings let to H&M to below 20%, due to the divestment of a non-strategic inner-city shop in Turnhout, in combination with the stronger yields of the premium city high street shops.



### 1.3. Investments

Regarding new investments, the focus of Vastned Retail Belgium is on high-quality retail property in prime locations in the centre of major cities in Belgium such as Antwerp, Brussels, Ghent and Bruges.

It must be said, however, that investing in new property in the premium segment is not easy. The supply of suitable investment objects in line with market conditions is limited.

The Vastned Retail Belgium management team is in close contact with brokers and local owners so that interesting investment projects can be handled directly.

### 1.4. Redevelopments

On Zonnestraat 6-8 in Ghent's main shopping area, Vastned Retail Belgium has spent the past two years renovating one of its historical premium city high street shops. The building in question is from 1922 and has lost much of its grandeur over the years. The real estate company has restored the retail property to its former distinctive appeal, concurrently increasing its commercial value.

The interior was restored to its former glory, the beautiful art deco stained glass windows were made visible, and the façade was restored to its former state to the greatest extent possible. This premium city high street shop has been leased to AS Adventure since August 2016.

This redevelopment involved an investment amount of approximately € 2 million. The increase in fair value of the property amounts to just over 50% (in comparison to the fair value prior to commencement of the work as at 31 December 2104 and the fair value as at 31 December 2016).



AS Adventure - Zonnestraat 6-8 - Ghent

In Q1 of 2017 Vastned Retail Belgium will commence with the demolition of the adjacent premium city high street shop at Zonnestraat 10 to build a modern retail property on this location. The works are expected to be delivered in the 2nd semester of 2017. The shop will be leased, as from its delivery date, to women's clothing brand YAYA, a newcomer whose operational management is directed by Retail Concepts, well-known on account of its AS Adventure label. This redevelopment involves an investment amount of approximately € 1 million.

Vastned Retail Belgium also plans to merge the shop leased by H&M at Bruul 42-44 in Mechelen with a vacant corner retail property at the beginning of 2017, and by doing so expand the current retail space of the H&M shop. The rent of this high street shop will be increased by 20%, which is rather unique for a city shop in a provincial city. An investment budget of approximately € 0,4 million has been provided for this redevelopment.



AS Adventure - Zonnestraat 6-8 - Ghent

## 1.5. Divestments

It is the strategy of Vastned Retail Belgium to reduce in the long term the share of non-high street shops in the company's real estate portfolio and to move towards a 75% share of premium city high street shops in the portfolio.

Vastned Retail Belgium sold a non-strategic retail property located in Turnhout for an amount of € 5 million in the third quarter of 2016. The building has a total retail surface area

of 1.269 m<sup>2</sup> and is leased to Hennes & Mauritz. This divestment is entirely in keeping with the strategy of the real estate company to focus on premium city high street shops. Turnhout is a secondary shopping city where rents are under pressure as a result of decreasing numbers of visitors and the increase in internet sales. For these reasons, the real estate company considered it opportune to divest the retail property.

## 1.6. Leases

In the area of leases, 2016 was an active year for Vastned Retail Belgium. A total of 14 rental transactions were concluded that were valued at € 1,2 million in annual rental income. This represents roughly 6% of the company's total annual rental income. The average rent increase in these transactions is about 5%. In 2016, 8 lease agreements went into force, with the rest to commence in 2017 or later.

### New leases

In 2016, 10 rental transactions were concluded with **new tenants** for a total annual rental volume of € 0,7 million. The new rent for these lease agreements is on average 6% higher than the rent for the previous lease agreements. These 10 lease agreements represent roughly 3,6% of the company's total rental income.

The premium cities remain steadfast, and prominent retailers are paying higher prices for the best locations in these cities. Vastned Retail Belgium was able to achieve a substantial rent increase of over 50% through the redevelopment and thorough restoration of a retail property on Zonnestraat in Ghent. The lease agreement with AS Adventure commenced in the second semester of 2016.

In Q1 of 2017, Vastned Retail Belgium embarked on the demolition of its property on Zonnestraat 10 in Ghent to facilitate the construction of a new premium city high street shop immediately following. A lease agreement was signed for the new retail property with YAYA. YAYA is a women's clothing brand whose operational management is owned by Retail Concepts, the group behind labels such as AS Adventure, among others. The new lease agreement will commence upon the expected delivery of the building in the second half of 2017. A rental increase is currently being achieved for this premium city high street shop of approximately 23%.

Rental activities clearly indicate that locations in the premium cities are in high demand among prominent retailers in the upper segment. Premises in the heart of the most attractive Belgian commercial cities continue to be an important element for strong retailers. They wish to maintain or expand their market share and interest at these locations.

Due to the current market situation, it is often impossible to realise a substantial rent increase when leasing high street shops to new tenants and it is often necessary to lower the rent at secondary locations. In 2016, Vastned Retail Belgium concluded 3 lease agreements in this segment for a total annual rental volume of € 0,1 million. This involved an average rent decrease of 25% compared to the rent for the previous lease agreements.

In the non-high street shops segment Vastned Retail Belgium concluded 4 lease agreements in this segment for a total annual rental volume of € 0,3 million in 2016. This involved an average rent increase of 13% compared to the rent for the previous lease agreements. These transactions indicate that retailers planning to expand believe in the quality and location of the Vastned Retail Belgium retail parks and retail warehouses.

## Lease extensions and renegotiations with existing tenants

Vastned Retail Belgium **renewed 4 lease agreements** in 2016 for a total annual rental volume of approximately € 0,5 million. On average, the new rent for these lease agreements is 4,5% higher than the rent being charged in the current lease agreements. These 4 lease agreements represent roughly 2,7% of the company's total rental income.

The largest increase in rent was achieved in a premium city high street shop in Brussels, where the rent rose by approxi-

mately 9%. This renewal once again proves that it pays to invest in the very best shopping streets of the most beautiful cities in Belgium.

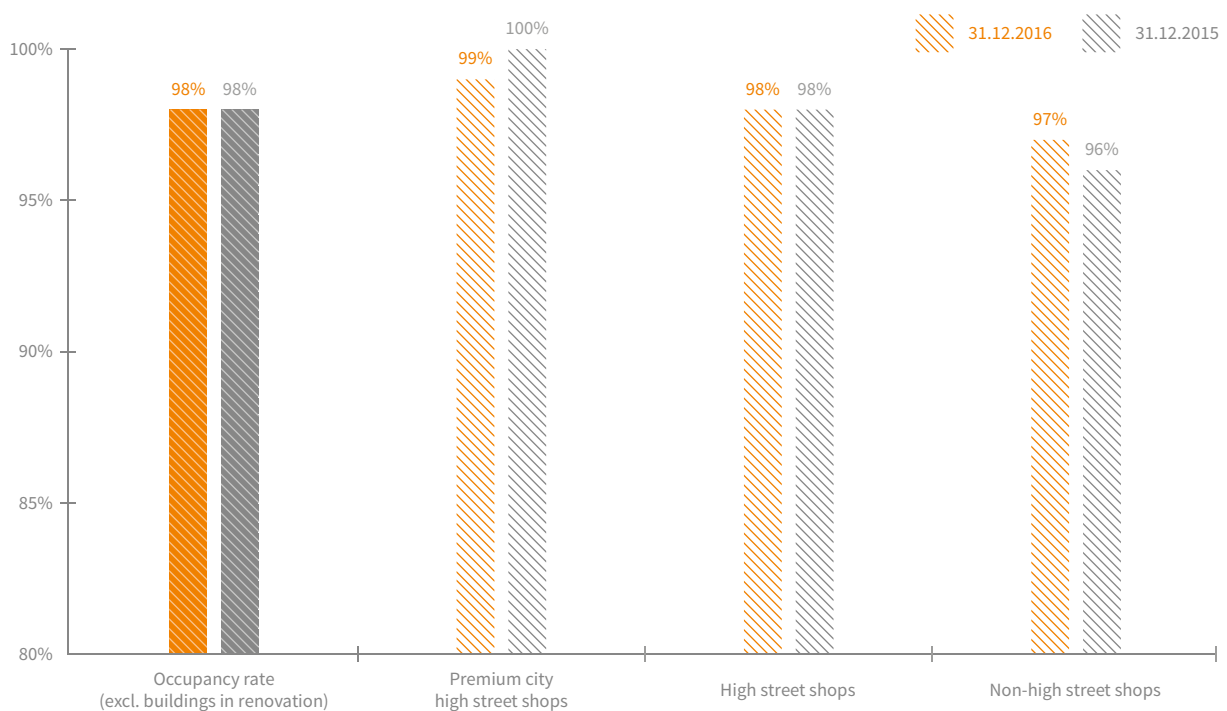
The other 3 lease renewals concern 1 renewal of a premium city high street shop and 2 renewals in non-high street shops. Rent increases are still being achieved in primary locations, while rents were lowered in secondary locations.

## Occupancy rate

The **occupancy rate** of the portfolio amounted to 98% as at 31 December 2016, remaining stable compared to 31 December 2015. The occupancy rate of the real estate portfolio with regard to premium city high street shops has decreased from

100% at the end of 2015 to 99% as at 31 December 2016 due to the bankruptcy of the tenant of one of the basement shop units (652 m<sup>2</sup>) on Elsenesteenweg in Brussels.

As at 31 December 2016, the occupancy rate of the real estate portfolio was 98%.



## 2. Financial results 2016

### 2.1. Consolidated income statement<sup>4</sup>

IN THOUSANDS €	2016	2015
Rental income	18.475	19.617
Rental-related expenses	-136	-185
Property management costs and income	39	40
<b>Property result</b>	<b>18.378</b>	<b>19.472</b>
Property charges	-1.781	-1.844
General costs and other operating costs and income	-1.088	-1.071
<b>Operating result before result on portfolio</b>	<b>15.509</b>	<b>16.557</b>
Result on disposals of investment properties	17	-654
Changes in fair value of investment properties	7.062	3.356
Other result on portfolio	56	-393
<b>Operating result</b>	<b>22.644</b>	<b>18.866</b>
Financial result (excl. changes in fair value - IAS 39)	-2.947	-3.541
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	889	197
Taxes	-53	-220
<b>Net result</b>	<b>20.533</b>	<b>15.302</b>
<b>Note:</b>		
Operating distributable result [2]	12.463	12.745
Result on portfolio	7.135	2.308
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	935	249
<b>RESULT PER SHARE</b>	<b>2016</b>	<b>2015</b>
Number of shares entitled to dividend	5.078.525	5.078.525
Weighted average number of shares	5.078.525	5.078.525
Net result (€)	4,04	3,01
Gross dividend (€)	2,45	2,51
Net dividend <sup>5</sup> (€)	1,7178	1,8323

<sup>4</sup> Between brackets: comparative figures for the financial year 2015.

<sup>5</sup> The withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (subject to certain exemptions) with effect from 1 January 2017, pursuant to the Program Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

The **rental income** of Vastned Retail Belgium amounted to € 18,5 million (€ 19,6 million) in 2016. The decrease of € 1,1 million or 6% compared to 2015 is primarily due to the divestment at the end of 2015 of 14 non-strategic retail properties (i.e. retail warehouses and high street shops at secondary locations). This decrease is partly compensated by the acquisition of 4 premium city high street shops in the Antwerp city centre in 2015, on the one hand, and by the indexation of existing lease agreements and lease renewals realised, on the other.

The **property charges** amounted to € 1,8 million and are in line with the previous financial year.

**General costs and other operating income and costs** are in line with 2015 and amount to € -1,1 million (€ -1,1 million). In 2016, the company had fewer personnel costs due to the new organisational structure that came into force on 1 August 2016. This decrease was compensated by an increase in other operating income and costs.

The decrease in rental income is reflected in the decrease of the **operating result before result on portfolio** of 2016, this result decreased by € 1,1 million to € 15,5 million (€ 16,6 million).

The operational margin of Vastned Retail Belgium is 84% for financial year 2016 (84% in 2015).

The **result on disposals of investment properties** amounts to € 17.000 (€ -0,7 million) and comprises the capital gain realised on the sale of 1 non-strategic inner-city shop at a secondary location in 2016. The net sales price of € 5 million is approximately 0,4% above the carrying amount as at 31 December 2015 (fair value as determined by the company's independent property expert).

In 2016, the fair value of the existing real estate portfolio of Vastned Retail Belgium increased by 2,7% compared to 2015 year-end. The **changes in fair value of investment properties** are also positive in 2016 and amount to € 9,1 million compared to 3,4 million in 2015. This increase is primarily due to a € 9 million increase in the fair value of the existing real estate portfolio, primarily from premium city high street shops as a result of stronger yields and new leases.

The **financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounted to € -2,9 million for financial year 2016 (€ -3,5 million), which constitutes a € 0,6 million decrease compared to 2015, primarily due to the decreased use of credit facilities arising from the divestment of 14 non-strategic retail properties in late 2015.

The average interest rate of the credit facilities of the company for financial year 2016 decreased to 3,0% including bank margins (3,1% in 2015).

In 2016 the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** included the decrease in the negative market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of € 0,9 million (€ 0,2 million).

The **net result** of Vastned Retail Belgium for financial year 2016 amounts to € 20,5 million (€ 15,3 million) and may be divided into:

- the **operating distributable result** of € 12,5 million (€ 12,7 million) or a decrease of € 0,2 million or approximately 2%, which is primarily due to the divestment of non-strategic retail properties, both in 2014 and in 2015, resulting in a reduction of rental income. This effect is partly compensated by lower financing charges and by income from the acquisition of premium city high street shops in 2015;
- the **result on portfolio** of € 7,1 million (€ 2,3 million), which is primarily due to the increase in the fair value of the investment properties;
- **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** in the amount of € 0,9 million (€ 0,2 million).

The **operating distributable result** of Vastned Retail Belgium therefore decreased in financial year 2016 to € 12,5 million (€ 12,7 million). With 5.078.525 shares, this represents a gross dividend of € 2,45 per share for financial year 2016, compared to € 2,51 in 2015. This implies that the **gross dividend share yield** is 4,6% based on the share price as at 31 December 2016.

## 2.2. Consolidated balance sheet<sup>6</sup>

IN THOUSANDS €	31.12.2016	31.12.2015
<b>ASSETS</b>		
Non-current assets	351.329	347.196
Current assets	1.583	1.082
<b>Total assets</b>	<b>352.912</b>	<b>348.278</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>252.281</b>	<b>244.495</b>
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	130.352	127.797
Net result of the financial year	20.533	15.302
Non-controlling interest	0	0
<b>Liabilities</b>	<b>100.631</b>	<b>103.783</b>
Non-current liabilities	63.304	69.775
Current liabilities	37.327	34.008
<b>Total shareholders' equity and liabilities</b>	<b>352.912</b>	<b>348.278</b>

<sup>6</sup> Between brackets: comparative figures for the financial year 2015.

## Assets

On 31 December 2016, the fair value of the **investment properties** of Vastned Retail Belgium was € 351 million (€ 347 million). This increase by € 4 million in 2016 compared to 31 December 2015 is primarily the combined effect of:

- the divestment of 1 non-strategic inner-city shop at a secondary location with a total fair value of € 5 million as at 31 December 2015, or approximately 1,5% of the overall real estate portfolio;
- a € 9 million increase in the fair value of the existing real estate portfolio, primarily from premium city high street shops as a result of stronger yields and new leases.

The fair value of the real estate portfolio amounts to € 351 million as at 31 December 2016.

## Liabilities

The company's shareholders' **equity** amounts to € 252 million (€ 244 million). The share **capital** (€ 97 million) and the **share premium** (€ 4 million) remained unchanged in comparison to last year. The total number of shares entitled to dividend amounted to 5.078.525 units as at 31 December 2016. The company's **reserves** amount to € 130 million (€ 128 million) as at 31 December 2016.

In 2016 the free float of the share remained unchanged at 34,5%.

In comparison to 2015, the **non-current liabilities** decreased to € 63 million (€ 70 million) and consist mainly of long-term financing in the amount of € 60 million and additionally the negative market value of the non-current hedging instruments in the amount of € 3 million. The decrease by € 7 million is primarily due to the realised disposals of real estate investments.

**Current liabilities** amounted to € 37 million (€ 34 million), and consisted of € 33 million (€ 30 million) in current financial debts (all of which comprise short-term financing on a rolling basis, and of which € 20 million represents a bank loan with an expiry date before 31 December 2017), € 3 million (€ 2 million) in trade debts and other current debts and € 1 million (€ 1 million) in accrued charges and deferred income and other liabilities.

The **debt ratio** of the company amounted to 27% as at 31 December 2016 and has decreased by 1% in comparison to 31 December 2015, primarily due to the realised sales of investment properties.



As at 31 December 2016, the company had a stable balance sheet with a low debt ratio of 27% (28% as at 31 December 2015).

DATA PER SHARE	31.12.2016	31.12.2015
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	49,68	48,14
Net value (investment value) (€)	51,36	49,90
Net asset value EPRA (1) (€)	50,33	49,02
Share price on closing date (€)	53,85	55,97
Premium to net value (fair value) (%)	8%	16%
Debt ratio (max 65 %)	27%	28%

As at 31 December 2016, the **net value** (fair value) of the share was € 49,68 (€ 48,14). As the share price as at 31 December 2016 was € 53,85, the Vastned Retail Belgium share is listed at a premium of approximately 8% compared to this net value (fair value).

As the share price of Vastned Retail Belgium as at 31 December 2016 was € 53,85, the company is offering a gross dividend yield of 4,6%.

<sup>7</sup> Financial performance indicator calculated according to EPRA's Best Practices Recommendations (European Public Real Estate Association). These data are not required by regulation regarding regulated real estate companies and are not subject to a control by government authorities. See also [www.epra.com](http://www.epra.com).

### 2.3. Financial structure

Vastned Retail Belgium has a conservative financial structure as at 31 December 2016 allowing it to continue to carry out its activities in 2017 accordingly.

The most important characteristics of the financial structure as at 31 December 2016 are:

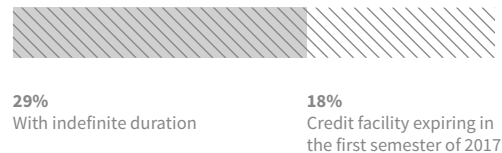
- Amount of financial debts: € 92,9 million;
- 53% of available credit lines are long-term financing schemes with financial institutions with a weighted average remaining duration of 2,8 years;
- Well-spread expiry dates of credit facilities between 2017 and 2021;
- Spread of credit facilities over 4 European financial institutions;
- € 19,5 million of available non-withdrawn credit lines at financial institutions;
- 80% of the available credit facilities have an interest rate fixed by interest rate swaps, 20% have a variable interest rate; with regard to the withdrawn credit facilities these figures are 97% and 3%, respectively;
- Fixed interest rates are fixed for a remaining period of 2,3 years on average;
- Average interest rate for 2016: 3,0% including bank margins (3,1% in 2015);
- Market value of financial derivatives: € 3,3 million negative;
- Limited debt ratio of 27% (statutory maximum: 65%) (28% as at 31 December 2015).

As at 31 December 2016, 53% of the available credit lines at financial institutions comprise long-term financing. 47% of the credit lines are short-term financing, of which 29% are credit facilities with an unlimited duration (€ 32 million) and 18% represent a credit facility that has to be refinanced in the first semester of 2017 (€20 million). The company is will start discussions with several financial institutions in the course of the first quarter of 2017 regarding the refinancing of the latter loan.

#### Balance between long-term and short-term financing

**53%**  
Long-term credit facilities

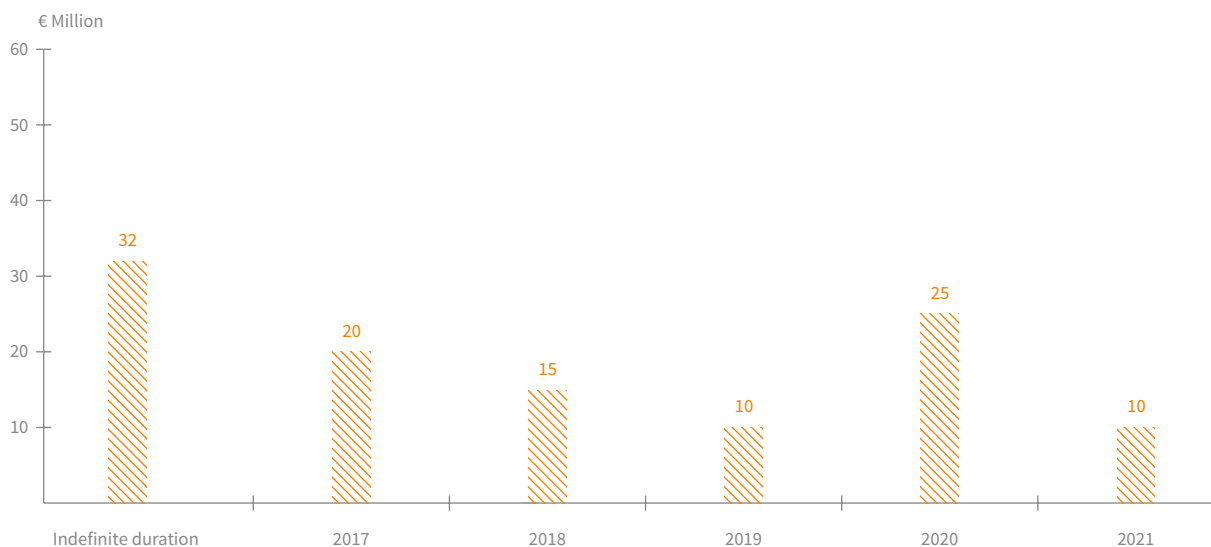
**47%**  
Short-term credit facilities



Graanmarkt 13 - Antwerp



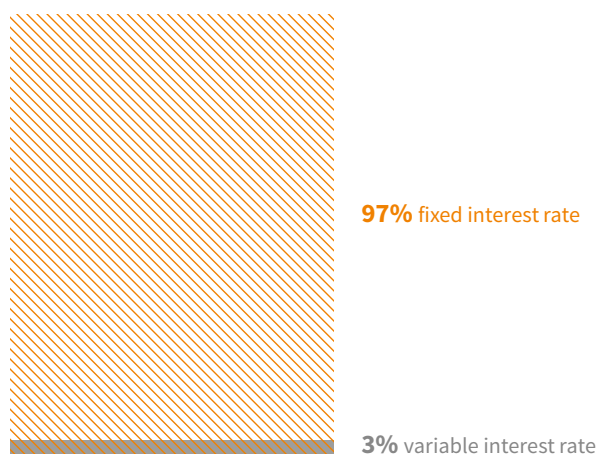
## ANNUAL RESULTS - 2016



To safeguard its operating results from future interest rate fluctuations, Vastned Retail Belgium is partially hedging these interest rate fluctuations with interest rate swaps.

As at 31 December 2016, Vastned Retail Belgium had a notional amount of € 90 million in active interest rate swaps, with an average remaining term of 2,3 years.

### Balance credit lines with variable and fixed interest rate



The company has a limited debt ratio of 27%.



Terre Bleue - Korte Gasthuisstraat 27 - Antwerp

### 3. Outlook for 2017

The retail market is continuously evolving and developing. E-commerce will continue to play an increasingly important role. Retailers that succeed in coordinating offline and online trade are tomorrow's winners. Consumers are flexible and will arbitrarily do their shopping either via the internet or on location in the shopping streets. Leading retailers such as H&M, Zara and Massimo Dutti have already created online/offline synergy in their inner city flagship stores.

Developing clusters is the future: an increasing number of projects are combining multiple functions: leisure, residence, work and shopping. Redevelopments of existing sites are displaying this tendency, and housing above retail properties is a clear trend. Clustering is a must, both in the periphery and in city centres. Ribbon development is outmoded and does not benefit mobility.

Cities will need to redefine and more clearly delineate their shopping districts and shopping streets. Premium cities must ensure that they retain their strength by maintaining their general appeal (retail offer, culture, tourism, hotel, restaurant and catering facilities). Smaller cities are well-served by a more local retail offering and a few larger retail clusters. The middle bracket in particular will need to see where it can go, focusing explicitly on top locations. Small local trade can be an important asset in smaller cities and in subsidiary districts of major cities. Increased vacancy is expected in C-locations, but they do have the advantage that they are located close to residential neighbourhoods, which offers more reconversion possibilities. Government will have a role to play in re-purposing these vacant buildings.

Vastned Retail Belgium intends to pursue its strategy further in 2017 by focusing more explicitly on premium quality retail locations and retail parks. The company will continue to work towards a clear predominance of premium city high street shops, i.e. the very best retail property in the most popular shopping streets in the major cities. The primary focus is on the acquisition of retail property in the Antwerp city centre, and additionally in other major cities. By focusing on a limited number of city centres, the market knowledge of the asset team of the company grows, thereby allowing for a good assessment of opportunities. New investments will, to a considerable extent depend on further developments on the retail property market. The long-term goal is to ensure that 75% of all investments are in this type of real estate. At the end of 2016 the company owned 59% of premium city high street shops.

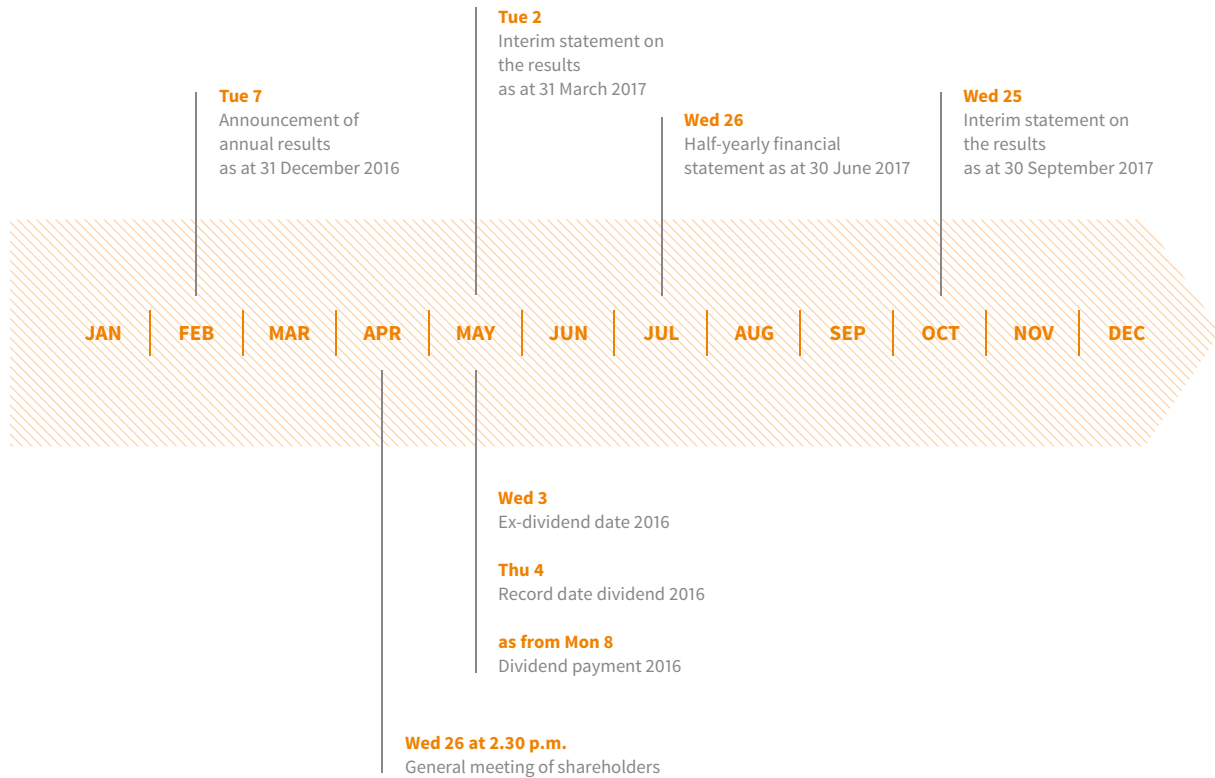
Vastned Retail Belgium aims to further improve the quality of its real estate portfolio, which will result in a lower risk profile. During the 2014 - 2016 period several non-strategic high street and non-high street shops were divested. The short-term result was a decrease in the operating distributable result in 2015 and 2016. As from 2017, it is anticipated that this declining trend in operating distributable result will slow down and that the improvement in portfolio quality will result in a stable operating distributable result.

### 4. Organisational structure

As of 1 August 2016 the new structure has come into effect. In this new structure, Vastned Retail Belgium has put its own dedicated management in place. Rudi Taelmans and Taco de Groot are jointly holding the office of CEO. Reinier Walta is holding the office of CFO.

The registered office of Vastned Retail Belgium is located at Generaal Lemanstraat 74, 2600 Berchem (Antwerp) since 9 September 2016.

## 5. Financial calendar 2017



The annual report concerning financial year 2016 will be published on the company’s website ([www.vastned.be](http://www.vastned.be)) as from 24 March 2017.

**About Vastned Retail Belgium.** Vastned Retail Belgium is a public regulated real estate company (RREC), the shares of which are listed on Euronext Brussels (VASTB). Vastned Retail Belgium invests exclusively in Belgian commercial real estate, more specifically in premium city high street shops (prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges), high street shops (city centre shops outside of the premium cities) and non-high street shops (high-end retail parks and retail warehouses). The RREC intends to achieve a 75% investment ratio in premium city high street shops in due course.

**For more information, please contact:**

VASTNED RETAIL BELGIUM NV, a public regulated real estate company under Belgian law,  
Taco de Groot, Rudi Taelmans or Reinier Walta, tel. + 32 3 361 05 90, [www.vastned.be](http://www.vastned.be)

This press release contains prospective information, forecasts, convictions and estimates prepared by Vastned Retail Belgium on the expected future performance of Vastned Retail Belgium and the markets in which it operates. Readers are held to observe that such prospects are subject to risks and uncertainties which can cause the actual results to differ considerably from those expressed in such prospective statements. Prospective statements such as these can be impacted by significant factors such as changes in the economic situation, tax, competitive along with environmental factors. Vastned Retail Belgium cannot guarantee that the assumptions underlying the prospective information are free of misstatements.

## Financial statements<sup>8</sup>

### 1. Consolidated income statement

IN THOUSANDS €	2016	2015
Rental income	18.475	19.617
Rental-related expenses	-136	-185
<b>NET RENTAL INCOME</b>	<b>18.339</b>	<b>19.432</b>
Recovery of rental charges and taxes normally payable by tenants on let properties	1.323	1.462
Rental charges and taxes normally payable by tenants on let properties	-1.323	-1.462
Other rental-related income and expenses	39	40
<b>PROPERTY RESULT</b>	<b>18.378</b>	<b>19.472</b>
Technical costs	-455	-432
Commercial costs	-165	-156
Charges and taxes on unlet properties	-70	-48
Property management costs	-1.084	-1.270
Other property charges	-7	62
<b>Property charges</b>	<b>-1.781</b>	<b>-1.844</b>
<b>OPERATING PROPERTY RESULT</b>	<b>16.597</b>	<b>17.628</b>
General costs	-1.113	-1.145
Other operating income and costs	25	74
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>15.509</b>	<b>16.557</b>
Result on disposals of investment properties	17	-654
Changes in fair value of investment properties	7.062	3.356
Other result on portfolio	56	-393
<b>OPERATING RESULT</b>	<b>22.644</b>	<b>18.866</b>
Financial income	11	5
Net interest charges	-2.954	-3.536
Other financial charges	-4	-10
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	889	197
<b>Financial result</b>	<b>-2.058</b>	<b>-3.344</b>
<b>RESULT BEFORE TAXES</b>	<b>20.586</b>	<b>15.522</b>
Corporate tax	-53	-220
<b>Taxes</b>	<b>-53</b>	<b>-220</b>
<b>NET RESULT</b>	<b>20.533</b>	<b>15.302</b>

<sup>8</sup> The statutory auditor has confirmed that his full audit, which has been substantially completed, has not revealed material adjustments which would have to be made to the accounting information disclosed in this press release and that an unqualified auditor's report will be issued.

## ANNUAL RESULTS - 2016

IN THOUSANDS €	2016	2015
<b>NET RESULT</b>	<b>20.533</b>	<b>15.302</b>
<b>Note:</b>		
Operating distributable result	12.463	12.745
Result on portfolio	7.135	2.308
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	935	249
<b>Attributable to:</b>		
Equity holders of the parent company	20.533	15.302
Non-controlling interest	0	0
<b>RESULT PER SHARE</b>	<b>2016</b>	<b>2015</b>
Number of shares entitled to dividend	5.078.525	5.078.525
Weighted average number of shares	5.078.525	5.078.525
Net result (€)	4,04	3,01
Diluted net result (€)	4,04	3,01
Operating distributable result (€)	2,45	2,51

## 2. Consolidated statement of comprehensive income

IN DUIZENDEN €	2016	2015
<b>NET RESULT</b>	<b>20.533</b>	<b>15.302</b>
<b>Other components of comprehensive income (recyclable in the income statement)</b>		
Changes in the effective part of fair value of allowed hedging instruments that are subject to hedge accounting	0	207
<b>COMPREHENSIVE INCOME</b>	<b>20.533</b>	<b>15.509</b>
<b>Attributable to:</b>		
Equity holders of the parent company	20.533	15.509
Non-controlling interest	0	0

### 3. Consolidated balance sheet

ASSETS IN THOUSANDS €	31.12.2016	31.12.2015
<b>Non-current assets</b>	<b>351.329</b>	<b>347.196</b>
Intangible assets	1	1
Investment properties	350.719	346.674
Other tangible assets	606	519
Trade receivables and other non-current assets	3	2
<b>Current assets</b>	<b>1.583</b>	<b>1.082</b>
Trade receivables	381	151
Tax receivables and other current assets	110	106
Cash and cash equivalents	320	272
Deferred charges and accrued income	772	553
<b>TOTAL ASSETS</b>	<b>352.912</b>	<b>348.278</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>Shareholders' equity</b>	<b>252.281</b>	<b>244.495</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>252.281</b>	<b>244.495</b>
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	130.352	127.797
Net result of the financial year	20.533	15.302
<b>Non-controlling interest</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>100.631</b>	<b>103.783</b>
<b>Non-current liabilities</b>	<b>63.304</b>	<b>69.775</b>
Non-current financial debts	63.154	69.349
<i>Credit institutions</i>	60.000	65.200
<i>Other non-current financial liabilities</i>	3.154	4.149
Other non-current liabilities	109	131
Deferred taxes - liabilities	41	295
<b>Current liabilities</b>	<b>37.327</b>	<b>34.008</b>
Provisions	269	278
Current financial debts	33.006	30.280
<i>Credit institutions</i>	32.900	30.280
<i>Other current financial liabilities</i>	106	0
Trade debts and other current debts	2.725	2.038
Other current liabilities	628	630
Accrued charges and deferred income	699	782
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>352.912</b>	<b>348.278</b>



## 4. Statement of changes in consolidated equity

IN THOUSANDS €	Share capital	Share premium	Reserves	Net result of financial year	Non controlling interest	Total shareholders' equity
<b>Balance at 31 December 2014</b>	<b>97.213</b>	<b>4.183</b>	<b>120.910</b>	<b>20.494</b>	<b>167</b>	<b>242.967</b>
Comprehensive income of 2015			207	15.302		15.509
Transfer through result allocation 2014:						
Transfer from result on portfolio to reserves			7.935	-7.935		0
Transfer from changes in fair value of financial assets and liabilities			-1.240	1.240		0
Other mutations			-15	15		0
Merger Gent Veldstraat 23-27 nv					-167	-167
Dividends financial year 2014				-13.814		-13.814
<b>Balance at 31 December 2015</b>	<b>97.213</b>	<b>4.183</b>	<b>127.797</b>	<b>15.302</b>	<b>0</b>	<b>244.495</b>
Comprehensive income of 2016				20.533		20.533
Transfer through result allocation 2015:						0
Transfer from result on portfolio to reserves			2.309	-2.309		0
Transfer from changes in fair value of financial assets and liabilities			196	-196		0
Other mutations			50	-50		0
Merger Gent Veldstraat 23-27 nv						0
Dividends financial year 2015				-12.747		-12.747
<b>Balance at 31 December 2016</b>	<b>97.213</b>	<b>4.183</b>	<b>130.352</b>	<b>20.533</b>	<b>0</b>	<b>252.281</b>



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