vastned Belgium

Half-yearly financial report 2023

Regulated information / embargo until 25 July 2023, 6.00 pm

Antwerp, 25 July 2023

2023

Bruges Steenstraat 80 • H&M

Strong operational results in a changing market environment

- EPRA earnings of € 1.40 per share for the first semester of 2023, compared to € 1.25 per share for the same period previous financial year.
- Slight increase in the value of the real estate portfolio despite the changing economic environment and rising interest rates.
- High occupancy rate of 99.3% underlines the quality of the real estate portfolio.
- A low debt ratio of 27.4% provides solid protection.
- € 40.0 million of unused credit facilities available.
- Expected EPRA earnings per share of € 2.65 - € 2.75 for financial year 2023.

Table of Contents

1. Half-yearly report for the first semester of 2023 4
   1.1. Economic developments 4
   1.2. Operating result 5
   1.3. Rental activities 5
   1.4. Composition and evolution of the real estate portfolio 5
   1.5. Investments 7
   1.6. Divestments 7
   1.7. Occupancy rate 8
   1.8. Valuation of the portfolio by the independent valuation experts as at 30 June 2023 8
   1.9. State of the Belgian retail real estate market in 2023 9

2. Financial results for the first semester of 2023 10
   2.1. Analysis of the results 11
   2.2. Financial structure as at 30 June 2023 13
   2.3. Risks during the remaining months of 2023 14

3. Sustainability 15

4. Outlook for 2023 15

5. Condensed consolidated interim financial statements 16
   5.1. Condensed consolidated income statement 16
   5.2. Condensed consolidated statement of comprehensive income 17
   5.3. Condensed consolidated balance sheet 18
   5.4. Condensed consolidated cash flow statement 19
   5.5. Condensed statement of changes in the consolidated shareholders' equity 20
   5.6. Statement accompanying the condensed consolidated interim financial statements 21
   5.7. Notes to the condensed consolidated interim financial statements 21
   5.8. Report of the statutory auditor 31
   5.9. Financial calendar 32

6. Alternative Performance Measures 33
   6.1. Glossary of Alternative Performance Measures 33
   6.2. Reconciliation tables of the Alternative Performance Measures 36

1. Half-yearly report for the first semester of 2023

1.1. Economic developments

The first semester of 2023 was characterised by high inflation figures and rising interest rates. After peaking in October 2022 (12.75%), inflation had fallen back to 4.15% in June 2023. With core inflation[1] still measuring 8.14%, the drop in inflation is attributable to decreasing energy prices. This shows that inflation is still not under control.

In pursuit of inflation targets of no more than 2.0%, the European Central Bank has processed several interest rate hikes. The interest rate in December 2022 was only 2.0%, but by June 2023 it had risen to 3.5%. Since July 2022, there have been a total of eight (8) interest rate hikes, which has resulted in a 4.0% increase in the interest rate (from -0.5% to 3.5%).

The European Central Bank's sharp interest rate hikes led to concerns about real estate shares due to the close correlation between share price and interest rates. Rising interest rates also increase the yield or capitalisation rate, which in turn reduces the value of the real estate. This raises the debt ratio, putting pressure on real estate companies to further reduce this debt ratio by carrying out a capital increase or selling real estate.

For Vastned Belgium the impact was limited, as the Company continues to operate on a solid basis with a stable and low debt ratio. In addition, rental income is indexed in accordance with the health index, which increases the operational distributable result. In addition, occupancy rates remain high, partly due to the prime location of the retail properties and the asset management team's continuous close monitoring of tenants. Finally, the Brussels Region ordinance to apply only limited indexation has affected Vastned Belgium to a very limited extent. Since the indexation mechanism of the Brussels Region does not take energy into account, decreasing energy prices have no impact on this. As a result, the applied indexation rate is currently higher than the regular indexation mechanism.

1.2. Operating result

In the first semester of 2023, rental income increased by € 0.6 million compared to the same period in previous financial year. This increase is due to the indexation of the rent of existing rental agreements and the increased occupancy rate compared to the same period previous financial year (99.3% vs. 98.8%). The increase is partly offset by lease renewals (against lower terms) concluded in previous financial year.

Vastned Belgium's EPRA earnings amount to € 7.1 million for the first half of 2023 compared to € 6.4 million in the same period of previous financial year. The increase of € 0.7 million comprises both an increase in rental income and a decrease in general expenses. Exceptional costs for an amount of € 0.3 million were registered in the first semester of 2022 for a potential delisting of Vastned Belgium.

Per share, this amounts to an EPRA earnings of € 1.40 compared to € 1.25 in the first semester of previous financial year.

1) Core inflation does not consider the price evolution of energy products and unprocessed foods.

1.3. Rental activities

Vastned Belgium concluded thirteen (13) rental agreements in the first semester of 2023, representing a total rental volume of € 1.7 million. This corresponds to approximately 8.7% of Vastned Belgium's total rental income.

In total, eight (8) lease agreements were concluded, of which four (4) were commercial lease agreements, two (2) were agreements with residential tenants and two (2) were pop-up agreements. In addition, five (5) lease renewals were concluded with existing tenants. The rental prices negotiated by Vastned Belgium (excl. pop-up agreements) are 9.1% higher than the market rental prices determined by independent valuation experts due to the quality of the real estate portfolio and the result of the good work of a committed asset management department.

1.4. Composition and evolution of the real estate portfolio

Real estate portfolio

	30.06.2023	31.12.2022
Fair value of investment properties (in thousands €) [2]	312,743	312,590
Total leasable space (m²) [2]	75,935	76,086

As at 30 June 2022, the majority of the real estate portfolio consists of high-quality inner-city properties located in the cities of Antwerp, Brussels, Ghent and Bruges, as well as high-quality retail parks and retail warehouses.

The fair value of the investment properties amounted to € 312.7 million as at 30 June 2023 (incl. the value of IFRS 16 right-of-use assets worth € 0.2 million), which corresponds to a € 0.1 million increase compared to previous financial year (€ 312.6 million as at 31 December 2022). In addition, a retail property located at Grand Rue 19 in Bergen (Mons) has been recognized as asset held for sale for an amount of € 0.4 million. Taking into account this classification, the total fair value of the real estate portfolio increases by € 0.5 million.

In the first half of 2023 the European Central Bank continued to raise interest rates. As a result of these interest rate hikes, the independent valuation experts increased the capitalisation rates of various retail properties. This would normally result in a decrease in the fair value of the real estate portfolio, but Vastned Belgium was able to offset this decrease by concluding rental agreements above the market rental prices determined by independent valuation experts. This allows Vastned Belgium, in a challenging market environment, to realise a slight increase in the fair value of the real estate portfolio.

Investment properties

The average yield in the real estate company's portfolio amounts to 6.23% (excluding the assets held for sale) on 30 June 2023, and has increased compared to the average yield as at the end of previous financial year (6.05% as at 31 December 2022).

Sensitivity analysis[3]

In the case of a hypothetical negative adjustment of the yield used by the independent valuation experts in valuing the Company's real estate portfolio (yield or capitalisation rate) by 1.0% (from 6.23% to 7.23% on average), the fair value of the real estate would decrease by € -43.2 million or -13.8%. This would increase the Company's debt ratio by 4.3% to 31.7%.

In the reverse case of a hypothetical positive adjustment of this yield by 1.0% (from 6.23% to 5.23% on average), the fair value of the real estate would increase by € 59.7 million or 19.1%. This would reduce the Company's debt ratio by -4.3% to 23.1%.

In the case of a hypothetical decline in the current passing rents of the Company (with equal market yield) of € -1.0 million (from € 19.5 million to € 18.5 million), the fair value of the real estate would decrease by € -16.0 million or -5.1%. This would increase the Company's debt ratio by 1.5% to 28.9%.

2) Excluding the assets held for sale.
3) Excluding the assets held for sale and the value of the IFRS 16 right-of-use assets.

In the reverse case of a hypothetical increase in the current passing rents of the Company (with equal market yield) of € 1.0 million (from € 19.5 million to € 20.5 million), the fair value of the real estate would increase by € 16.0 million or 5.1%. This would reduce the Company's debt ratio by -1.3% to approximately 26.1%.

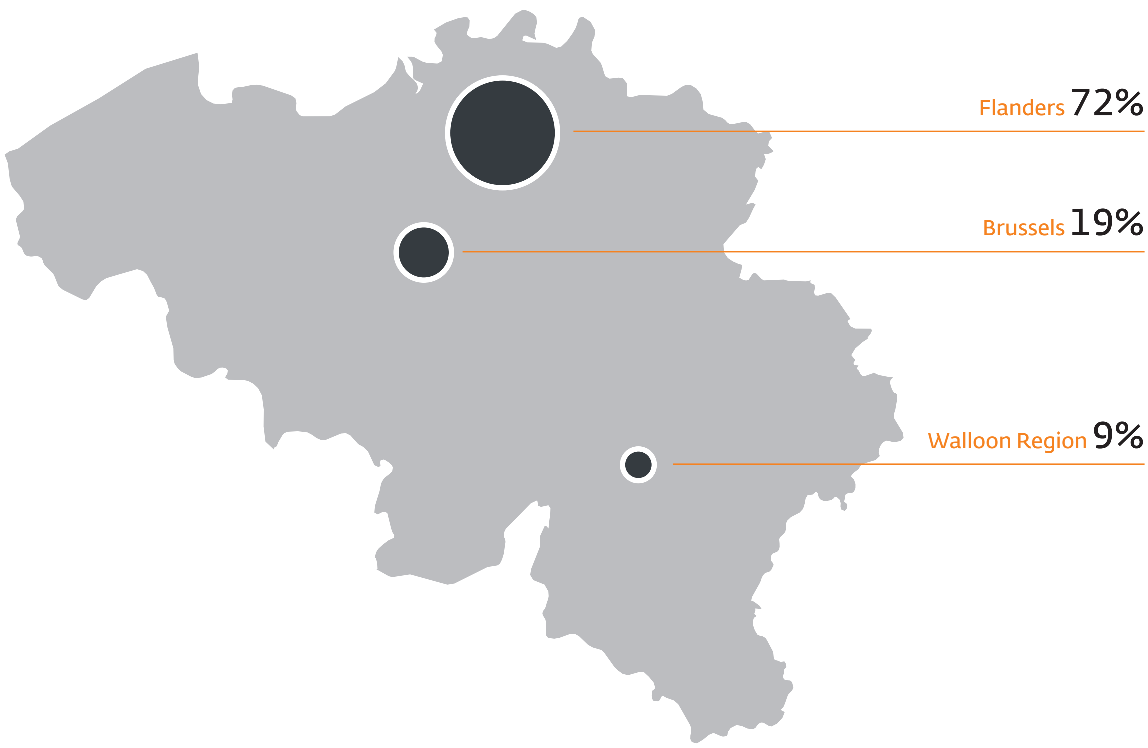
There is a correlation between the evolutions of the current passing rents and the yields used in the estimates of the investment properties. This correlation is disregarded in above sensitivity analysis.

Investment policy and risk spread of the real estate portfolio[4]

Vastned Belgium's investment policy concentrates on multi-functional retail properties in Belgium, more specifically in the popular shopping cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also comprises high-end retail parks and retail warehouses.

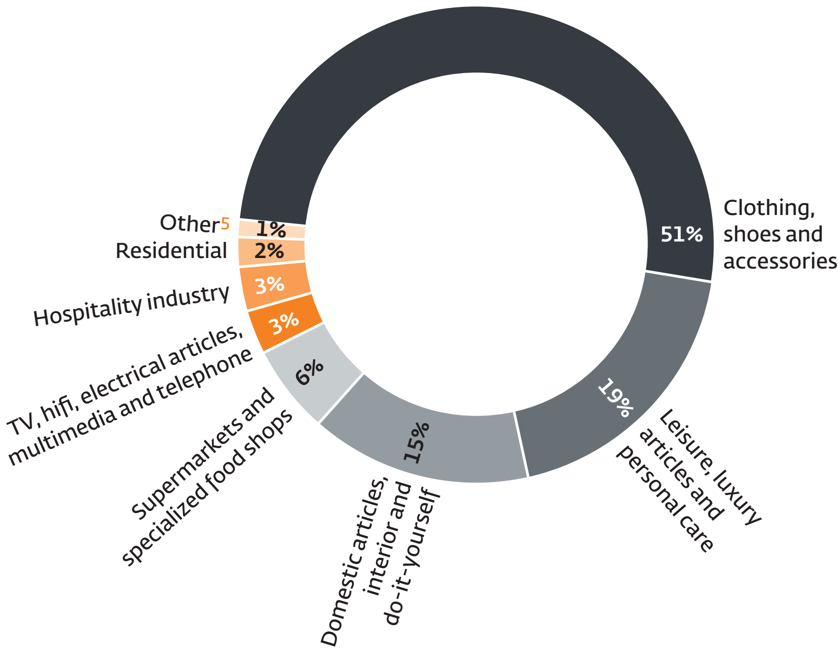
The following criteria are important for spreading the risk of the real estate portfolio: the geographical location and the sector of the tenants. The risk spread is summarised as follows on 30 June 2023:

Geographical spread



4) Expressed as a percentage of the fair value of the investment properties.

Spread according to sector of the tenants



1.5. Investments

In the first semester of 2023, Vastned Belgium applied for a permit for the renovation and refurbishment of the building located at Nieuwstraat 98 in Brussels. Three (3) apartments will be created on the upper floors. These apartments will be leased out to a social rental agency in collaboration with the City of Brussels.

In addition, a permit was also applied for the retail properties located at Bondgenotenlaan 69 - 73 in Louvain. Vastned Belgium wishes to merge two (2) retail units into one (1) larger unit.

The Company continues to investigate opportunities for the redevelopment of other properties and will communicate additional redevelopments in due course.

In the first semester of 2023, Vastned Belgium invested € 0.1 million in existing properties. Additional investments were also made in solar panels to a value of € 0.05 million.

1.6. Divestments

In the second quarter of 2023, Vastned Belgium concluded an agreement for the sale of a non-strategic retail property located at Grand Rue 19 in Bergen (Mons). This pertains to a solitary retail property of 151 m² of sales area (ex-Pimkie) in the city centre of Bergen (Mons). The core shopping area in Bergen is suffering from an increased vacancy rate due to the presence of the Les Grands Prés shopping centre.

The sale will take place in the second semester of financial year 2023 at book value (€ 0.4 million). The retail property was already presented as assets held for sale in the half-yearly figures.

This divestment is fully in line with the strategy of Vastned Belgium to focus on Belgium's top cities.

5) The share 'other' consists of vacant units, parking lots in Namen and a carwash.

1.7. Occupancy rate[6]

Occupancy rate	30.06.2023	31.12.2022
Occupancy rate of the real estate portfolio	99.3%	99.5%

The occupancy rate of the real estate portfolio amounted to 99.3% as at 30 June 2023, a decrease of -0.2% compared to 31 December 2022 (99.5%), but remains high. This minimal decrease is a result of a bankruptcy of one tenant in the first semester of 2023. This stable, high occupancy rate shows the quality of the real estate portfolio.

The asset management department is maintaining close contact with retailers and real estate agents for the letting of vacant units.

1.8. Valuation of the portfolio by the independent valuation experts as at 30 June 2023

In the first semester of 2023, all properties of Vastned Belgium were valued partly by Cushman & Wakefield and partly by CBRE Belgium. The total fair value of the real estate portfolio amounted to € 313.1 million, including IFRS 16 right-of-use assets and the assets held for sale, at the end of the first semester of 2023. The value of the IFRS 16 right-of-use assets amounts to € 0.2 million, while the value of the assets held for sale amounts to € 0.4 million.

In the valuation report of 30 June 2023, the fair value of the properties amounts to[7]:

Valuation expert	Fair value of investment properties (in thousands €)
Cushman & Wakefield	157,941
CBRE Belgium	155,143
Total	**313,084**

The independent valuation experts included an explanatory note in their valuation report about the changing market conditions. In this note, the independent valuation experts confirm that there is still great uncertainty due to the global impact of the war in Ukraine. The independent valuation experts have observed a rise in interest rates in Belgium, as in other European countries, which will result in higher financing costs. The rising financing costs and reduced availability of financing are weighing on current investor sentiment and this goes hand-in-hand with increasing yields coming from a historically low level.

Given that market conditions can change rapidly in response to broader political and economic changes, the independent valuation experts emphasize the importance of the valuation date, as it is important to understand the market context in which the valuation opinion was prepared.

6) The occupancy rate is calculated as the ratio between the rental income, and the sum of this income and the estimated rental income of unlet rental premises.
7) Including the value of the IFRS 16 right-of-use assets and the assets held for sale.

1.9. State of the Belgian retail real estate market in 2023[8]

Trends

Retail property has been in the eye of the storm in recent years due to the emergence of e-commerce and the COVID-19 pandemic, which in turn further boosted e-commerce. In the first half of 2023, e-commerce continued to grow in importance although this growth was less pronounced compared to previous years.

Retailers see significant benefits in an omnichannel strategy where online and physical sales go hand-in-hand and even reinforce each other. Pure e-commerce players, like Coolblue, realise that there are always target groups, irrespective of age, who prefer physical shops. After all, customers are more likely to proceed with a purchase if they have experienced the product, which is only possible in a physical shop. This also leads to an increase in online sales in the shopping area of the physical store. In addition, customers always receive specialised advice that enables them to make an informed choice. Finally, physical shops also enhance brand visibility among consumers.

It is not only the right location that is of interest to retailers but the right shop format is also becoming more important. Shops attach a great deal of importance to the experience within a physical shop by using different LED screens or offering supplementary services, which fit within retailers' sustainability strategy, such as a pick-up point or a rental service. The physical shop is no longer a shop in which the products simply hang on the racks but should increase the customer's experiential value with respect to the brand. A pick-up point ensures lower transport costs and a smaller carbon footprint for retailers. For consumers, this results in a higher customer satisfaction as goods can be collected when it suits the consumer.

Major international retailers are also testing new concepts that fit within their sustainability strategy. For example, H&M has opened a rental service in their flagship store on the Meir in Antwerp. Consumers can rent clothes for a particular occasion meaning that these clothes are not purchased to wear only once, which is sustainable from a financial and environmental point of view.

Rental market

The leasing of retail properties experienced a decline in the first semester of 2023 compared to the same period previous financial year. In the first semester of 2023, the leased area was 200,000 m² compared to 246,000 m² in the first semester of 2022. However, the number of rental transactions increased by 4%, showing that smaller areas were again being let. Vastned Belgium recently concluded several rental transactions for the smaller properties in Schutterhofstraat and Groendalstraat in Antwerp.

An important difference can be seen within the different segments. In the high streets for example, the leased area increased by 8% to 64,000 m², while the number of leasing transactions rose by 31%. For out-of-town retail property, a significant decline of -29% was visible in leased area at 111,000 m² due to a lack of new projects.

In total, 430 leasing transactions were completed during the first half of 2023: 246 in the high streets, 76 in shopping centres and 108 in out-of-town retail. The most important leasing transactions in the high streets are Only in Ghent, Pull & Bear in Nieuwstraat in Brussels and Nike in Bruges.

Investment market

In the first half of 2023, the investment market largely ground to a halt due to sharply changing market conditions. The European Central Bank continued to raise interest rates in the first half of 2023 thus increasing financing costs for investors. In turn, these interest rate hikes caused an increase in the yield or capitalisation rate, leading to a discrepancy at the moment between the price buyers wish to pay and the price sellers wish to receive. As a result, several investment opportunities were withdrawn from sale. Consequently, it currently remains to be seen whether this balance will be restored again.

8) The market information is partly based on the following sources: Retail Focus – various issues January - June 2023.

2. Financial results for the first semester of 2023

Condensed consolidated income statement

(in thousands €)	30.06.2023	30.06.2022
Rental income	9,219	8,593
Rental-related expenses	0	25
NET RENTAL INCOME	**9,219**	**8,618**
Recovery of rental charges and taxes normally payable by tenants on let properties	1,204	1,076
Rental charges and taxes normally payable by tenants on let properties	-1,204	-1,076
Other rental-related income and expenses	34	45
PROPERTY RESULT	**9,253**	**8,663**
Technical costs	-193	-135
Commercial costs	-90	-150
Charges and taxes on unlet properties	-43	-61
Property management costs	-451	-432
Other property charges	-55	-35
Property charges	**-832**	**-813**
OPERATING PROPERTY RESULT	**8,421**	**7,850**
General costs	-536	-730
Other operating income and expenses	4	4
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**7,889**	**7,124**
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	356	23
Other result on portfolio	182	84
OPERATING RESULT	**8,427**	**7,231**
Financial income	0	0
Net interest charges	-779	-776
Other financial charges	-2	-1
Changes in fair value of financial instruments	-405	1,811
Financial result	**-1,186**	**1,034**
RESULT BEFORE TAXES	**7,241**	**8,265**
Taxes	**-31**	**-32**
NET RESULT	**7,210**	**8,233**

	30.06.2023	30.06.2022
NET RESULT	**7,210**	**8,233**
Note:		
• EPRA earnings	7,101	6,349
• Result on portfolio	538	107
• Changes in fair value of financial instruments	-405	1,811
• Taxes: deferred taxes	-11	-22
• Non-distributable result subsidiaries	-13	-12
Attributable to:		
• Shareholders of the parent company	7,210	8,233
• Minority interests	0	0

	30.06.2023	30.06.2022
BALANCE SHEET INFORMATION PER SHARE		
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	1.42	1.62
Diluted net result (€)	1.42	1.62
EPRA earnings (€)	1.40	1.25

2.1. Analysis of the results[9]

The **rental income** of Vastned Belgium amounted to € 9.2 million for the first semester of 2023, an increase of € 0.6 million compared to the same period of previous financial year (€ 8.6 million). This increase is a result of the indexation of the rent of existing rental agreements and the increased occupancy rate compared to the same period previous financial year (99.3% vs. 98.8%). This increase was partly offset by lease renewals (against lower terms) closed in previous financial year.

Property charges amounted to € 0.8 million and were in line with the same period of previous financial year. During the first semester of 2023, additional studies were conducted for sustainability works (such as stability studies for the installation of solar panels). The increase in technical costs was largely offset by a decrease in the commercial costs and the charges and taxes on unlet properties. This decrease is a result of the stable, high occupancy rate during the first semester of 2023.

The **general costs and other operating income and expenses** amounted to € 0.5 million and have decreased by € -0.2 million compared to the same period previous financial year. In 2022 an exceptional cost was registered in connection with the potential delisting of Vastned Belgium.

The fair value of Vastned Belgium's real estate portfolio increased in the first semester of 2023 compared to previous financial year. The **changes in fair value of investment properties** are positive for an amount of € 0.4 million. According to the independent valuation experts, the market yields increased in the first semester of 2023 as result of the current uncertain market conditions. The resulting decrease in value was fully offset by the indexation of the rental agreements and by concluding rental agreements above the market rents determined by independent valuation experts. This allowed Vastned Belgium, in a challenging market environment, to realise an increase in the fair value of the real estate portfolio.

The **financial result** (excl. changes in the fair value of financial instruments) amounted to € -0.8 million for the first semester of 2023, which puts it completely in line with the same period previous year. The average interest rate for financing amounts to 1.91%, including bank margins for 2023 (1.85%).

9) The comparable figures for 30 June 2022 are parenthesised.

The **changes in the fair value of financial instruments** include a further decrease in the positive market value of the interest rate swaps that cannot be classified as cash flow hedging instruments in accordance with IFRS 9 *'Financial Instruments'*. This decrease amounted to € -0.4 million, while in the same period previous financial year the interest rates on the financial markets started increasing and the, at that moment, negative market value even reverted from a negative to a positive market value of interest rate swaps.

The **net result** of Vastned Belgium for the first semester of 2023 amounted to € 7.2 million (€ 8.2 million) and may be divided into:

- the EPRA earnings of € 7.1 million, which increased by € 0.7 million compared to the same period of previous financial year (€ 6.4 million). This increase is attributable to rising rental income on the one hand and decreasing general expenses on the other. Rental income increases due to the indexation of the rent of existing rental agreements, an increased occupancy rate, partly offset by rent renewals against lower terms.
- the result on the portfolio of € 0.5 million (€ 0.1 million); and
- the changes in the fair value of financial instruments to an amount of € -0.4 million (€ 1.8 million).

The EPRA earnings per share amount to € 1.40 for the first semester of 2023 compared to € 1.25 for the same period previous year.

Key figures per share	30.06.2023	31.12.2022	30.06.2022
Number of shares entitled to dividend	5,078,525	5,078,525	5,078,525
Net result (6 months/1 year/6 months) (€)	1.42	2.85	1.62
EPRA result (6 months/1 year/6 months) (€)	1.40	2.59	1.25
Net value (fair value) (€)	44.86	45.69	44.46
Net value (investment value) (€)	46.40	47.23	46.00
Share price on closing date (€)	27.30	29.70	30.30
Premium (+) / Discount (-) with regard to net fair value (%)	-39.1%	-35.0%	-31.8%

The net value (fair value) of the share amounts to € 44.86 as at 30 June 2023. Given that the share price of Vastned Belgium (VASTB) amounted to € 27.30 on 30 June 2023, the share was listed on 30 June 2023 at a discount of -39.1% compared to the net value (fair value). At the end of previous financial year, the share recorded a discount of -35.0% compared to the net value (fair value).

EPRA – Key figures[10]	30.06.2023	30.06.2022
EPRA earnings per share (€)	1.40	1.25
EPRA Cost Ratio (including direct vacancy costs) (%)	14.8%	17.6%
EPRA Cost Ratio (excluding direct vacancy costs)	14.3%	16.9%
	30.06.2023	31.12.2022
EPRA NRV (€)	46.10	46.85
EPRA NTA (€)	44.55	45.29
EPRA NDV (€)	44.86	45.69
EPRA LTV (€)	27.6%	26.3%
EPRA Net Initial Yield (NIY) (%)	5.5%	5.2%
EPRA Adjusted NIY (%)	5.6%	5.3%
EPRA Vacancy rate (%)	0.8%	0.6%

2.2. Financial structure as at 30 June 2023

Vastned Belgium's debt ratio amounts to 27.4% as at 30 June 2023, an increase of 1.3% in the first semester of 2023 (26.1% as at 31 December 2022) due to the payment of the dividend in May 2023. Compared to the same period previous financial year, the debt ratio has decreased by -0.8%.

As at 30 June 2023, Vastned Belgium has a stable financial structure that allows it to continue its operations in 2023. On 31 July 2023, one (1) line of credit, worth € 15.0 million, will come to maturity. This credit line is presented as short-term financing. In addition, one (1) IRS contract with a notional amount of € 15.0 million will terminate on 31 July 2023. The market value of this IRS contract is included in the current financial assets.

As at 30 June 2023, the Company has unused credit facilities for an amount of € 40.0 million. As a result, the decision was made not to apply for refinancing for the credit line of € 15.0 million, which is to be repaid on 31 July 2023. The remaining credit lines are sufficient for making sustainability investments.

Vastned Belgium is currently in conversation with various financial institutions for the refinancing of the existing credit lines in July 2024. Based on the first conversations, the Company expects to refinance at more expensive terms as a result of the rising interest rates in the financial markets and as a result of the rising margins applied by the financial institutions.

The financial structure can be summarised as follows:
- Withdrawn financial debts: € 85.0 million.
- 80% of the available credit lines with financial institutions are long-term financing with a weighted average term of 1.1 years.
- Unused credit facilities of € 40.0 million.
- For 64% of the available credit lines, the interest rate is fixed by interest rate swaps or by fixed interest rates, 36% has a variable interest rate; 100% of the credit lines drawn is covered by interest rate swaps or by fixed interest rates.
- Fixed interest rates are fixed for a remaining period of 1.0 years on average.
- Average interest rate for the first semester of 2023: 1.91% including bank margins.
- Market value of the financial derivatives: € 1.8 million.
- Limited debt ratio of 27.4% (legal maximum of 65.0%).
- In the first semester of 2023, there were no contractual changes to the existing covenants of the Company. Vastned Belgium complied with all covenants as at 30 June 2023.

10) The statutory auditor has verified and confirmed whether the *'EPRA earnings'*, the *'EPRA NRV'*, the *'EPRA NTA'*, the *'EPRA NDV'* and the *'EPRA LTV'* ratios were calculated according to the EPRA BPR definitions, as published in February 2022, and whether the financial data used for the calculation of these ratios correspond with the accounting data of the consolidated financial statements.

2.3. Risks during the remaining months of 2023

Vastned Belgium estimates the risks during the remaining months of 2023 to be as follows:

Economic environment

In the first half of 2023, there was again a significant change in the economic environment in which Vastned Belgium conducts its operations. The risk of potential energy supply problems receded, with energy prices experiencing a sharp decrease and returning within their historical range. This in turn resulted in a decrease in inflation rates. On the other hand, the cost of basic products rose, leaving core inflation still high.

Consumer confidence stabilised in June 2023, but remained below the long-term average. The figures indicate that consumers are becoming more optimistic about macroeconomic conditions as inflation comes under control, but they are now more concerned about their personal situation which is ultimately reflected in a reduction of consumer purchasing power.

At this moment, the impact of the changed economic environment on Vastned Belgium is limited, but a change in one of the parameters could increase volatility in the property markets over the short and medium term. Vastned Belgium assesses the risks associated with changed economic factors as follows:

- Inflation: rental agreements are indexed on an annual basis. This indexation will protect the Company from rising costs, including employee costs.
- Payment continuity: a decrease in consumer confidence can result in declining sales figures for retailers, putting their margins under pressure and preventing them from paying rents. The Company is continuing to closely monitor the payment behaviour of tenants to detect any problems in a timely manner. As at 30 June 2023, the collection rate amounts to 99.2%.
- Investments/Divestments: the Company continues to prudently look for new investment opportunities/divestment opportunities, in such a way that the investments/divestments continue to meet the intended return.

Evolution of interest rates

As a result of financing with borrowed capital, the Company's yield also depends on interest rate developments. In order to mitigate this risk, the Company strives for a loan portfolio with a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. Depending on developments in interest rates, this may be temporarily deviated from.

As at 30 June 2023, 100% of the drawn-down credit facilities consists of fixed-rate financing or financing fixed by means of interest rate swaps.

Mechelen Bruul 39-41 • Rituals

3. Sustainability

Vastned Belgium wishes to take-up its corporate social responsibility role, and therefore sustainability in all its aspects (environment, social aspects and good governance) is always taken into account when determining the strategy. Currently, the Company has no formal documented sustainability policy, but wishes to formally document this sustainability policy in 2023. The outlines of the sustainability policy were incorporated for the first time in the annual report for financial year 2022.

In the first semester of 2023, Vastned Belgium concluded a partnership agreement with TotalEnergies for the installation of charging points on the parking lots of retail parks and retail warehouses.

In addition contracts were concluded for the installation of solar panels with a total capacity of 77.67 kWp. These solar panels will not only be installed at retail warehouses but also in the city centre (e.g. Elsensesteenweg in Brussels).

4. Outlook for 2023

High streets in larger city centres continued to be popular in the first semester of 2023. Shoppers returned to Antwerp, Brussels, Bruges and Ghent, and recent footfall counts show that visitor numbers are at a similar level to that before the pandemic. For consumers, a day's shopping in the city centre is again a guarantee for a fun day trip where consumers can experience the brands, experience the products or do some window shopping. In addition to consumers, retailers are also finding their way to the city center and smaller retail spaces can be re-occupied.

In the second quarter of 2023, consumer confidence underwent a slight decline, but this stabilised due to decreasing inflation rates. However, consumers are more worried about their personal finances. In the short term, this could impact consumer purchasing behaviour and the profitability of retailers. Vastned Belgium continues to monitor this situation closely and will be alert to potential retailer failures.

The management is also monitoring developments in the financial markets and, more specifically, rising interest rates, as the Company needs to refinance its credit lines in the coming year. Discussions with various financial institutions have been initiated for this purpose.

Finally, in the interests of acquiring more insight into market returns, the Company will monitor developments in the investment market as there is still a big discrepancy between the market returns that buyers wish to pay and the market returns that sellers wish to receive. After all, these will have an impact on the real estate portfolio's valuation and could potentially lead to interesting investment opportunities.

Subject to unexpected developments such as bankruptcies of important tenants, Vastned Belgium expects for the financial year 2023 to realise EPRA earnings per share of between € 2.65 and € 2.75.

5. Condensed consolidated interim financial statements

5.1. Condensed consolidated income statement

(in thousands €)	30.06.2023	30.06.2022
Rental income	9,219	8,593
Rental-related expenses	0	25
NET RENTAL INCOME	**9,219**	**8,618**
Recovery of rental charges and taxes normally payable by tenants on let properties	1,204	1,076
Rental charges and taxes normally payable by tenants on let properties	-1,204	-1,076
Other rental-related income and expenses	34	45
PROPERTY RESULT	**9,253**	**8,663**
Technical costs	-193	-135
Commercial costs	-90	-150
Charges and taxes on unlet properties	-43	-61
Property management costs	-451	-432
Other property charges	-55	-35
Property charges	**-832**	**-813**
OPERATING PROPERTY RESULT	**8,421**	**7,850**
General costs	-536	-730
Other operating income and expenses	4	4
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**7,889**	**7,124**
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	356	23
Other result on portfolio	182	84
OPERATING RESULT	**8,427**	**7,231**
Financial income	0	0
Net interest charges	-779	-776
Other financial charges	-2	-1
Changes in fair value of financial instruments	-405	1,811
Financial result	**-1,186**	**1,034**
RESULT BEFORE TAXES	**7,241**	**8,265**
Taxes	**-31**	**-32**
NET RESULT	**7,210**	**8,233**

	30.06.2023	30.06.2022
NET RESULT	**7,210**	**8,233**
Note:		
• EPRA earnings	7,101	6,349
• Result on portfolio	538	107
• Changes in fair value of financial instruments	-405	1,811
• Taxes: deferred taxes	-11	-22
• Non-distributable result subsidiaries	-13	-12
Attributable to:		
• Shareholders of the parent company	7,210	8,233
• Minority interests	0	0

	30.06.2023	30.06.2022
BALANCE SHEET INFORMATION PER SHARE		
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	1.42	1.62
Diluted net result (€)	1.42	1.62
EPRA earnings (€)	1.40	1.25

5.2. Condensed consolidated statement of comprehensive income

(in thousands €)	30.06.2023	30.06.2022
NET RESULT	**7,210**	**8,233**
Other components of comprehensive income (recyclable through income statement)	0	0
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
COMPREHENSIVE INCOME	**7,210**	**8,233**
Attributable to:		
• Shareholders of the parent company	7,210	8,233
• Minority interests	0	0

5.3. Condensed consolidated balance sheet

Assets (in thousands €)

	30.06.2023	31.12.2022
Non-current assets	**315,054**	**315,199**
Intangible assets	68	91
Investment properties	312,743	312,590
Other tangible assets	474	471
Non-current financial assets	1,767	2,045
Trade receivables and other non-current assets	2	2
Current assets	**5,082**	**3,043**
Assets held for sale	341	0
Current financial assets	28	154
Trade receivables	2,458	2,327
Cash and cash equivalents	640	163
Deferred charges and accrued income	1,615	399
TOTAL ASSETS	**320,136**	**318,242**

Shareholders' equity and liabilities (in thousands €)

	30.06.2023	31.12.2022
Shareholders' equity	**227,816**	**232,032**
Shareholders' equity attributable to shareholders of the parent company	**227,816**	**232,032**
Share capital	97,213	97,213
Share premium	4,183	4,183
Reserves	119,210	130,636
Net result of the financial year	7,210	0
Minority interests	**0**	**0**
Liabilities	**92,320**	**86,210**
Non-current liabilities	**70,875**	**66,426**
Non-current financial debts	70,482	66,030
• Credit institutions	70,000	65,497
• Financial leasing	482	533
Other non-current financial liabilities	0	0
Other non-current liabilities	109	123
Deferred tax - liabilities	284	273
Current liabilities	**21,445**	**19,784**
Provisions	269	269
Current financial debts	15,191	15,184
• Credit institutions	15,000	15,000
• Financial leasing	191	184
Trade debts and other current debts	939	551
Other current liabilities	537	564
Deferred income and accrued charges	4,509	3,216
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**320,136**	**318,243**

5.4. Condensed consolidated cash flow statement

(in thousands €)	30.06.2023	30.06.2022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**163**	**214**
1. Cash flow from operating activities	**7,629**	**6,851**
Operational result	**8,427**	**7,231**
Interest paid	**-708**	**-740**
Other non-operating elements	**-435**	**1,777**
Adjustment of result for non-cash flow transactions	**114**	**-1,756**
• Depreciations on intangible and other tangible fixed assets	79	109
• Income from disposal of investment properties	0	0
• Spread of rental discounts and benefits granted to tenants	182	84
• Changes in fair value of investment properties	-370	-62
• Other result on portfolio	-182	-84
• Changes in fair value of financial instruments	405	-1,811
• Other non-cashflow transactions	0	8
Change in working capital	**231**	**339**
• Movements of assets	-1,155	-564
• *Trade receivables*	*-131*	*1*
• *Tax receivables and other non-currents assets*	*-40*	*198*
• *Deferred charges and accrued income*	*-984*	*-763*
• Movements of liabilities	1,386	903
• *Deferred tax - liabilities*	*10*	*23*
• *Trade debts and other current debts*	*408*	*332*
• *Other current liabilities*	*-27*	*-36*
• *Deferred income and accrued charges*	*995*	*584*
2. Cash flow from investment activities	**-111**	**-54**
Acquisitions of intangible and other tangible fixed assets	-44	-9
Acquisitions of investment properties	0	0
Investments in investment properties	-87	-45
Income from disposal of investment properties	0	0
Prepaid investment invoices	20	0
3. Cash flow from financing activities	**-7,041**	**-5,822**
Repayment of loans	-1,997	-1,500
Drawdown of loans	6,500	6,973
Resolution of IRS	0	0
Repayment of financial lease liabilities	-104	-94
Receipts from non-current liabilities as guarantee	-13	-28
Dividend paid	-11,427	-11,173
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	**640**	**1,189**

5.5. Condensed statement of changes in the consolidated shareholders' equity

(in thousands €)	Share capital	Share premium	Reserves	Net result of the financial year	Total shareholders' equity
Balance at 31 December 2021	**97,213**	**4,183**	**123,226**	**4,092**	**228,714**
Comprehensive income of 2022				14,491	14,491
Transfer through result allocation 2021:					
• Transfer from result on portfolio to reserves			-10,064	10,064	-
• Transfer from changes in fair value of financials assets and liabilities			828	-828	-
• Disposals 2021: impact result			362	-362	-
• Revaluation subsidiaries			-30	30	-
• Allocation profit carried forward			1,823	-1,823	-
Dividends financial year 2021				-11,173	-11,173
Balance at 31 December 2022	**97,213**	**4,183**	**116,145**	**14,491**	**232,032**
Comprehensive income of first semester 2023				7,210	7,210
Transfer through result allocation 2022:					
• Transfer from result on portfolio to reserves			-2,303	2,303	-
• Transfer from changes in fair value of financials assets and liabilities			3,403	-3,403	-
• Revaluation subsidiaries			257	-257	-
• Allocation profit carried forward			1,707	-1,707	-
Dividends financial year 2022				-11,427	-11,427
Balance at 30 June 2023	**97,213**	**4,183**	**119,209**	**7,210**	**227,815**

5.6. Statement accompanying the condensed consolidated interim financial statements

In accordance with Article 13 §2 of the Royal Decree of 14 November 2007, the Board of Directors, composed of Lieven Cuvelier (chairman), Anka Reijnen, Ludo Ruysen, Reinier Walta and Peggy Deraedt, declares that after taking all reasonable measures and according to their knowledge:

a) The condensed consolidated interim financial statements, prepared in accordance with the *'International Financial Reporting Standards'* (IFRS) and more specifically in accordance with IAS 34 *'Interim Financial Reporting'* as adopted within the European Union and according to the legislation of 12 May 2014 regarding regulated real estate companies, give a true and fair view of the net assets, financial position and results of Vastned Belgium and the companies included in the consolidation;

b) The condensed consolidated interim financial statements give a true and fair view of the main events that occurred during the first half of the current financial year, their influence on the condensed consolidated interim financial statements, the main risk factors and uncertainties with regard to the coming months of the current financial year, as well as the principal transactions between the related parties and their possible effect on the condensed consolidated interim financial statements if these transactions are of substantial significance and were not concluded under normal market conditions;

c) The information stated in the condensed consolidated interim financial statements is in accordance with reality and that no information has been omitted whose disclosure would alter the purpose of the condensed consolidated interim financial statements.

5.7. Notes to the condensed consolidated interim financial statements

Basis for presentation and declaration of conformity

Vastned Belgium NV (hereinafter the *'Company'* or *'Vastned Belgium'*) is a public Regulated Real Estate Company (RREC), which is subject to the RREC legislation[11] and whose registered office is located in Belgium, at 2600 Antwerp (Berchem). The Company's shares are listed on NYSE Euronext Brussels under the code VASTB. The condensed consolidated interim financial statements for the reporting period ended 30 June 2023, include the Company and its subsidiaries (the *'Group'*).

The condensed consolidated interim financial statements pertain to the period from 1 January 2023 to 30 June 2023, and were approved for publication by the Board of Directors on 25 July 2023.

The condensed consolidated interim financial statements of Vastned Belgium have been prepared in accordance with the *'International Financial Reporting Standards'* (IFRS) and more specifically in accordance with IAS 34 *'Interim Financial Reporting'* as adopted within the European Union and in accordance with the legislation of 12 May 2014 on Regulated Real Estate Companies. These condensed consolidated interim financial statements do not contain all information required for full reporting and should be read in conjunction with the consolidated financial statements for the financial year 2022.

The condensed consolidated interim financial statements are expressed in thousands of euro, rounded to the nearest thousand. Due to the rounding, the total of certain figures in the tables may differ from figures in the primary financial statements or between different notes.

11) The RREC Act comprises both the Act of 12 May 2014 regarding Regulated Real Estate Companies and the Royal Decree of 13 July 2014 regarding Regulated Real Estate Companies.

Principles for the preparation of the condensed consolidated interim financial statements

The principles employed by Vastned Belgium in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements for the financial year 2022.

Since 1 January 2023, the following (amended) standards and interpretations have been applicable to Vastned Belgium:

- IFRS 17 *'Insurance contracts'*;
- IFRS 17 (Amendment) *'Insurance contracts: initial application of IFRS 17 and IFRS 9 – comparative information'*;
- IAS 1 (Amendment) *'Presentation of financial statements'* and IFRS Practice Statement 2 *'Disclosure of Accounting Policies'*;
- IAS 8 (Amendment) *'Accounting policies, changes in accounting estimates and errors: Definition of Accounting Estimates'*;
- IAS 12 (Amendment) *'Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction'*; and
- IAS 12 (Amendment) *'Income taxes: International tax reform - Pillar Two Model Rules'* (immediately applicable but not yet approved within the European Union).

These new or amended standards and interpretations have no material impact on these condensed consolidated interim financial statements.

The following published (amended) standards will only become effective after 31 December 2023 and have not been adopted earlier by the Group:

- IAS 1 (Amendment) *'Presentation of Financial Statements: classification of liabilities as current or non-current'* (effective date 1 January 2024);
- IAS 16 (Amendment) *'Leases: Lease obligations in a Sale and Leaseback'* (effective date 1 January 2024);
- IAS 7 (Amendment) *'Statement of Cash Flows'*; and
- IFRS 7 *'Financial Instruments: Disclosures: Supplier Finance Arrangements'*.

These amended standards and interpretations will have no material impact on Vastned Belgium's consolidated financial statements.

Mechelen Bruul 39-41 • My Jewellery

Condensed consolidated income statement per operating segment

Vastned Belgium uses the geographical region for segment reporting. This segmentation basis reflects the three (3) geographic markets in which the Group is active: Flanders, Brussels and the Walloon Region. The Company has chosen not to further split the geographical regions (e.g. split Flanders into Antwerp, Ghent and Bruges). This is explained by the fact that the Chief Operating Decision Maker does not make decisions based on these individual cities.

The category *'corporate'* includes all non-segment attributable costs that are borne at Group level.

Geographical segmentation	Flanders		Walloon Region		Brussels		Corporate		Total	
(in thousands €)	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22
Rental income	6,738	6,205	1,024	974	1,457	1,414	0	0	9,219	8,593
Rental-related expenses	11	41	-11	-16	0	0	0	0	0	25
NET RENTAL INCOME	**6,749**	**6,246**	**1,013**	**958**	**1,457**	**1,414**	**0**	**0**	**9,219**	**8,618**
Property management costs and income	27	43	7	2	0	0	0	0	34	45
PROPERTY RESULT	**6,776**	**6,289**	**1,020**	**960**	**1,457**	**1,414**	**0**	**0**	**9,253**	**8,663**
Operating result before result on portfolio	**6,170**	**5,741**	**878**	**817**	**1,374**	**1,293**	**-533**	**-727**	**7,889**	**7,124**
Result on disposals of investment properties	0	0	0	0	0	0	0	0	0	0
Changes in fair value of investment properties	1,081	41	-166	-282	-560	264	0	0	356	23
Other result on portfolio	133	88	42	-44	7	40	0	0	182	84
Operating result of the segment	**7,385**	**5,870**	**754**	**491**	**821**	**1,597**	**-533**	**-727**	**8,427**	**7,231**
Financial result	-4	-5	-1	-1	0	0	-1,181	1,040	-1,186	1,034
Taxes	0	0	-11	-22	0	0	-20	-10	-31	-32
NET RESULT	**7,381**	**5,865**	**742**	**468**	**821**	**1,597**	**-1,734**	**303**	**7,210**	**8,233**

The key changes in the geographical income statement are explained as follows:

- The net rental income increased in all three (3) regions due to the indexation of the rent of existing rental agreements and an overall increased occupancy rate.
- In the first semester of 2023, the value of the real estate portfolio increases in Flanders due to concluding rental agreements above the market rental prices determined by independent valuation experts. The conclusion of these rental agreements compensated the increase of the capitalisation rate, which in turn even increases the value of the real estate portfolio. There was a slight decrease in the fair value of the real estate portfolio in Brussels and the Walloon Region due to increasing capitalisation rates.
- The financial result relates to net interest charges and the revaluation of the financial hedging instruments. In the comparable period of previous financial year, a profit was realised under the financial results as a result of the changes in value of the financial hedging instruments (Interest Rate Swaps). As quoted in the annual report for the financial year 2022, the financial results are allocated to the corporate segment since Vastned Belgium has concluded loans for the entire portfolio and not for geographical segments or individual properties.

Geographical segmentation [12]	Flanders		Walloon Region		Brussels		Total	
(in thousands €)	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22
Fair value of investment properties	226,920	225,748	27,715	28,211	58,108	58,631	312,743	312,590
• of which are investments during the financial year (fair value)	50	45	0	0	37	0	87	45
• of which are acquistions of investment properties	0	0	0	0	0	0	0	0
Disposals during the financial year (fair value)	0	0	0	0	0	0	0	0
Investment value of real estate properties	232,590	231,390	28,407	28,915	59,561	60,097	320,558	320,402
Occupancy rate	100.0%	100.0%	94.1%	96.1%	100.0%	100.0%	99.3%	99.5%
Total leasable space (m²)	56,359	56,359	10,728	10,879	8,848	8,848	75,935	76,086

The real estate portfolio is fully let in Flanders and Brussels, while there is still limited vacancy in the Walloon Region. The vacant units are mainly located in the shopping mall 'Jardin d'Harscamp' in Namen. The Company is currently reviewing the redevelopment options of this shopping mall so the remaining units can be leased. In the first semester of 2023 Vastned Belgium invested € 0.1 million in existing properties.

12) Including the value of the IFRS 16 right-of-use assets and excluding the assets held for sale.

Evolution of the investment properties

(in thousands €)	2023 Total	2022 Total
Balance sheet as at 1 January	**312,590**	**314,543**
Investments in investment properties	87	45
Acquisition of shares of real estate companies	0	0
Acquisitions of investment properties	0	0
Disposals of investment properties	0	0
Classification to assets held for sale	-341	0
Right-of-use assets according to IFRS 16	37	32
Changes in fair value of investment properties	370	23
Balance sheet as at 30 June	**312,743**	**314,463**
Other information		
Investment value of real estate properties [13]	320,558	322,503

At 30 June 2023, the fair value of investment properties, including IFRS 16 right-of-use assets and excluding the assets held for sale, amounts to € 312.7 million. The increase in value of € 0.1 million consists of sustainability investments (€ 0.1 million), the reclassification of a retail property to assets held for sale (€ -0.4 million) and the changes in fair value of investment properties (€ 0.4 million).

In the first semester of 2023, an agreement was concluded for the sale of a non-strategic retail property located at Grand Rue 19 in Bergen (Mons). This pertains to a solitairy retail property of 151 m² of sales area (ex-Pimkie) in the city centre of Bergen (Mons). The core shopping area in Bergen is suffering from an increased vacancy rate due to the presence of the Les Grands Prés shopping centre. The sale will take place in the second half of financial year 2023 at book value (€ 0.4 million). The retail property was already presented as assets held for sale in the interim financial statements.

Partly due to the European Central Bank's interest rate hikes, independent valuation experts have raised the capitalisation rates of various retail properties. This would result in a decrease in the fair value of the real estate portfolio, but Vastned Belgium neutralised this decrease by concluding rental agreements above the market rental prices determined by independent valuation experts. This allows Vastned Belgium, in a challenging market environment, to realise a slight increase in the fair value of the real estate portfolio.

Investment properties are valued, by an independent valuation expert, at fair value in accordance with IAS 40 *'Investment Property'*. The fair value is determined on the basis of one of the following levels of the hierarchy.

- Level 1: Officially quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2: The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These techniques make maximum use of observable market data, where available, and rely as little as possible on entity-specific estimates.
- Level 3: Assets and liabilities of which the fair value is determined using valuation techniques of which some parameters are based on non-observable market data.

Investment properties are valued at fair value according to level 3.

13) Excluding the assets held for sale.

Rental income

(in thousands €)	30.06.2023	30.06.2022
Rents	9,587	8,982
Variable positive lease payments	8	42
Rental discounts	-379	-436
Compensation for early termination of lease agreements	3	5
Total rental income	**9,219**	**8,593**

Rental income includes rent[14] and revenues directly related to rent, such as compensations for early termination of lease agreements, less the granted rental discounts and rental benefits. Rental discounts are spread in the income statement from the start of the lease agreement until the next possible termination date[15] of the lease.

With a limited number of tenants, Vastned Belgium has agreed a lease with a variable payment. These agreements specify that tenants pay a minimum nominal rent. Over and above this minimum nominal rent, the tenant will pay a certain percentage of a predefined annual turnover (of the retailer). This payment applies only when the predefined thresholds are exceeded. In the first semester of 2023, variable payments to the value of € 8,000 were invoiced.

Overview of the future minimum rental income

The table below provides an overview of the undiscounted value of the future rental income up to the first expiry date of the lease agreement. This takes into account the option of termination[15] granted by law to the tenant after the end of the current three-year period. Accordingly, no rental income is shown for a period of more than three (3) years unless it relates to lease agreements that commence during 2024 or when the legal termination option of the tenant has passed.

(in thousands €)	30.06.2023	30.06.2022
Receivables with a remaining duration of:		
• Less than one year	17,698	17,170
• Between one and two years	12,644	11,961
• Between two and three years	5,014	6,994
• Between three and four years	333	774
• Between four and five years	0	0
• More than five years	0	0
Total of the future minimum rental income	**35,689**	**36,899**

The future minimum rental income, taking into account the first option of termination, decreased by € -1.2 million compared to the same period of previous financial year. This decrease is the combined outcome of the cyclical effect of the termination option (€ -2.2 million), the departure or bankruptcy of tenants (€ -1.7 million) and the renewal/closing of (existing and new) lease agreements (€ 2.7 million). The weighted average remaining term is 2.2 years compared to 2.5 years for the comparable period of previous financial year.

14) Commercial leases are regarded as '*operating leases*' under IFRS 16.
15) Based on commercial lease legislation (Act of 30 April 1952), tenants have the legal option to terminate lease agreements upon expiry of a period of three (3) years.

If we assume that the tenants will not make use of this three-year termination option, then the undiscounted value of the future rental income amounts to € 94.6 million (€ 99.2 million as at 30 June 2022). The decrease of € -4.6 million is the combined outcome of the cyclical effect of the termination option (€ -10.6 million), the departure or bankruptcy of tenants (€ -5.2 million) and the renewal/closing of (existing and new) lease agreements (€ 11.2 million). The weighted average remaining term is 6.5 years compared to 6.9 years for the comparable period of previous financial year.

Trade receivables

(in thousands €)	30.06.2023	31.12.2022
Outstanding trade receivable	2,441	2,317
Invoices to be issued and credit notes to be received	23	16
Doubtful debtors	339	339
Provision doubtful debtors	-345	-345
Total trade receivables	**2,458**	**2,327**

Trade receivables mainly relate to rent invoiced in advance (also accounted for in the accrued charges and deferred income for an amount of € 2.5 million). At the end of June 2023, part of this rent invoiced in advance had already been paid by the tenants.

Long term and short term financial debt

For a detailed description of the Company's financial structure, reference is made to *'2.2 Financial structure as at 30 June 2023'* (see above).

Ghent Zonnestraat 6-8 • AS Adventure

Financial instruments

Vastned Belgium's main financial instruments consist of financial and commercial receivables and debts, cash and cash equivalents as well as financial instruments of the interest rate swap (IRS) type.

Summary of financial instruments

(in thousands €)

Financial instruments - assets	Categories	Level	30.06.2023		31.12.2022	
			Book value	Fair value	Book value	Fair value
Non-current assets						
Non-current financial assets	C	2	1,767	1,767	2,045	2,045
Trade receivables and other non-current assets	A	2	2	2	2	2
Current assets						
Current financial assets	C	2	28	28	154	154
Trade receivables	A	2	2,458	2,458	2,327	2,327
Cash and cash equivalents	B	1	640	640	163	163
Financial instruments - liabilities						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	70,482	72,428	66,030	67,054
• Credit institutions	A	2	70,000	71,946	65,497	66,520
• Financial Leasing	A	2	482	482	533	533
Other non-current financial liabilities	C	2	0	0	0	0
Other non-current liabilities	A	2	109	109	123	123
Current liabilities						
Current financial debts (interest-bearing)	A	2	15,191	15,299	15,184	15,315
• Credit institutions	A	2	15,000	15,108	15,000	15,131
• Financial Leasing	A	2	191	191	184	184
Other current financial debts	C	2	0	0	0	0
Trade debts and other current debts	A	2	939	939	551	551
Other current liabilities	A	2	537	537	564	564

In accordance with IFRS 9 *'Financial Instruments'*, all financial assets and financial liabilities are measured at amortised cost or fair value. The valuation is depending on the proposed classification of the financial assets and financial liabilities. The Group has defined the following categories:

A. Financial assets or liabilities (including receivables and loans) at amortised cost;
B. Investments held to maturity at amortised cost;
C. Assets or liabilities, held at fair value through profit and loss, except for financial instruments defined as hedging instruments that are subject to a hedging relation.

Financial instruments are stated at fair value. The fair value hierarchy is based on data for the valuation of financial assets and liabilities at the valuation date. The distinction between the three (3) levels is as follows:

- Level 1: Officially quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These techniques make maximum use of observable market data, where available, and rely as little as possible on entity-specific estimates.
- Level 3: Financial instruments whose fair value is determined using valuation techniques.

Vastned Belgium's financial instruments correspond to level 2 in the hierarchy of fair values. The valuation techniques related to the fair value of level 2 financial instruments are as follows:

- For the items *'Non-current financial assets'* and *'Current financial assets'* that relate to interest rate swaps, the fair value is determined by using observable data, namely the forward interest rates applicable to active markets, generally provided by financial institutions.
- The fair value of the other level 2 assets and liabilities is approximately equal to their book value, either because they have a short-term maturity (such as trade receivables and payables) or because they bear a variable interest rate. When calculating the fair value of the interest-bearing financial debts with a fixed interest rate, the fair value is calculated as the future cash flows (interest and capital repayment) discounted at a market yield.

Vastned Belgium makes use of interest rate swaps to cover possible changes in interest costs on part of the financial debts with a variable interest rate (short-term Euribor). The interest rate swaps are not classified as cash flow hedging, so changes in fair value are recognised in the consolidated income statement.

On 30 June 2023, the Company owns the following financial instruments:

(in thousands €)		Start date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value
						Yes/No	30.06.2023
1	IRS	31-10-2019	31-07-2024	0.6725%	€ 15,000	No	510
2	IRS	31-10-2019	31-07-2024	0.7375%	€ 10,000	No	333
3	IRS	14-11-2019	31-07-2024	0.7250%	€ 5,000	No	167
4	IRS	31-07-2017	31-07-2024	0.9550%	€ 10,000	No	316
5	IRS	31-07-2017	31-07-2024	1.0940%	€ 15,000	No	441
Non-current financial assets							**1,767**
6	IRS	31-07-2017	31-07-2023	0.9520%	€ 15,000	No	28
Current financial assets							**28**
Total fair value of financial derivatives							**1,795**

The fair value of the financial derivatives at 31 December 2022 is summarised as follows:

(in thousands €)		Start date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value
						Ja / Nee	31.12.2022
1	IRS	31-10-2019	31-07-2024	0.6725%	€ 15,000	No	601
2	IRS	31-10-2019	31-07-2024	0.7375%	€ 10,000	No	391
3	IRS	14-11-2019	31-07-2024	0.7250%	€ 5,000	No	197
4	IRS	31-07-2017	31-07-2024	0.9550%	€ 10,000	No	354
5	IRS	31-07-2017	31-07-2024	1.0940%	€ 15,000	No	502
Non-current financial assets							**2,045**
6	IRS	31-07-2017	31-07-2023	0.9520%	€ 15,000	No	154
Current financial assets							**154**
Total fair value of financial derivatives							**2,199**

Affiliated Parties

The affiliated parties with whom the Company trades are its majority shareholder, its subsidiary (EuroInvest Retail Properties NV), its directors and members of the Executive Committee.

As at 30 June 2023, Vastned Belgium has no debts to affiliated companies.

Contingent liabilities

In the first semester of 2023, there were no changes in the contingent liabilities as described in *'Note 22 – Contingent liabilities'* of the Financial Report in the Annual Report 2022.

Events after the balance sheet date

There have been no significant events after the balance sheet date.

5.8. Report of the statutory auditor

Statutory auditor's report to the board of directors of Vastned Belgium nv on the review of the condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended.

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Vastned Belgium nv (the *"Company"*), and its subsidiaries (collectively referred to as *"the Group"*) as at 30 June 2023, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed statement of changes in consolidated shareholders' equity for the six-month period then ended, and notes (*"the condensed consolidated interim financial information"*). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *"Interim Financial Reporting"* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34, *"Interim Financial Reporting"* as adopted by the European Union.

Brussels, 25 July 2023

EY Bedrijfsrevisoren bv/EY Réviseurs d'Entreprises srl
Statutory auditor
represented by

Christophe Boschmans*
Partner

* Acting on behalf of a bv/srl

24CBO0002

5.9. Financial calendar

6. Alternative Performance Measures

6.1. Glossary of Alternative Performance Measures

A complete overview of the alternative performance measures can be found at *'Chapter 8. Alternative performance measures'* of the annual report for 2022, or on the Company's website www.vastned.be.

The table below provides an overview of the alternative performance measures employed throughout the half-yearly financial report.

Alternative Performance Measure	Definition	Use
Result per share	Net result per share: Net result divided by the number of shares entitled to dividend.	Measure the result of the share.
Net value per share in investment value	This pertains to the book value of the share before deduction of the transaction costs (mainly transfer rights) from the value of investment properties. It is calculated by dividing the amount of equity attributable to the shareholders of the parent company, where the transfer rights at the balance sheet date are added back, by the number of shares entitled to dividend.	Measure the investment value of the share and enable comparison with its stock market value.
Net value per share in fair value	This pertains to the book value of the share after deduction of the transaction costs (mainly transfer rights) from the value of the investment properties. It is calculated by dividing the amount of equity attributable to the shareholders of the parent company by the number of shares entitled to dividend.	Measure the fair value of the share and enable comparison with its stock market value.
Transfer rights	Transfer rights are equal to the difference between the investment value and the fair value of the investment properties.	This measure provides an overview of the transfer tax the company would have to pay upon disposal of the real estate property.
Average yield in the portfolio	The average yield in the portfolio is calculated as the ratio of current passing rents, including estimated rental value on vacancy, to the fair value of the investment properties.	Evaluate the income from investment properties.
Financial result (excluding changes in the fair value of the financial assets and liabilities)	The *'Financial Result'* from which the heading *'Changes in the fair value of financial assets and liabilities'* is deducted.	Reflect the Company's actual cost of financing.

Alternative Performance Measure	Definition	Use
Average interest rate of financing	The average interest rate on the Company's financing is calculated by dividing the net interest charges linked to external financing (on an annual basis) by the weighted average debt of the period (based on the daily drawdowns of the financing). Financing includes drawdowns from credit institutions, recognized under the line *'Credit institutions'* in the long-term and short-term financial debts of the consolidated balance sheet.	The average interest rate of financing measures the average financing cost of the debts and allows its evolution to be followed over time, depending on the development of the Company and of the financial markets.
Result on portfolio	The portfolio result includes (i) the result on the disposal of investment properties, (ii) the changes in the fair value of investment properties, and (iii) the other portfolio result.	The result on portfolio measures the realised and unrealised profit and loss related to investment properties compared to the valuation of the independent valuation experts at the end of previous financial year.
EPRA earnings	EPRA earnings is the operating result before the result on the portfolio from which the financial result, taxes, changes in the fair value of financial derivatives (non-effective hedges in accordance with IFRS 9) and the non-distributable result of subsidiaries are eliminated.	The EPRA earnings measures the result of the strategic operational activities, excluding the following elements (i) the changes in the fair value of financial assets and liabilities (ineffective hedges in accordance with IFRS 9) and (ii) the portfolio result.
EPRA earnings per share	EPRA earnings per share is the EPRA earnings divided by the number of shares entitled to dividend.	The EPRA earnings per share measures the EPRA earnings per share entitled to dividend and makes it possible to compare it with the gross dividend paid per share.
EPRA NRV	EPRA Net Reinstatement Value (NRV) provides an estimation of the amount required to rebuild the Company through the investment markets based on its current capital and financing structure.	Measure the fair value of the share and enable comparison with its stock market value.
EPRA NTA	EPRA Net Tangible Assets (NTA) assumes that the Company buys and sells assets, which would result in the realization of certain levels of unavoidable deferred tax.	Measure the fair value of the share and enable comparison with its stock market value.
EPRA NDV	The EPRA Net Disposal Value (NDV) represents the value accruing to the Company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.	Measure the fair value of the share and enable comparison with its stock market value.

Alternative Performance Measure	Definition	Use
EPRA LTV	The EPRA Loan-to-Value (LTV) is calculated as the ratio of net debt, being the nominal financial debts, plus net debts/ receivables minus cash and cash equivalents where applicable, to the total real estate value, being the fair value of the real estate portfolio plus intangible assets.	Measure the ratio of debt to market value of the real estate portfolio.
EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the contractual rents passing as at the closing date of the annual accounts, less the property charges, divided by the market value of the portfolio, increased by the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.	This measure offers investors the opportunity to compare portfolio valuations within Europe.
EPRA Adjusted NIY	This ratio incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	This measure, which includes an adjustment to the EPRA NIY before the end of rent-free periods (or other unexpired lease incentives), offers investors the opportunity to compare portfolio valuations within Europe.
EPRA Vacancy rate	Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio available upon rental.	Displays the percentage of vacancy based on estimated market rental value.
EPRA Cost Ratio (including direct vacancy costs)	EPRA costs (including direct vacancy costs) divided by gross rental income less payments for building rights and ground leases.	An important measure for enabling meaningful measurement of the changes in the company's operating costs.
EPRA Cost Ratio (excluding direct vacancy costs)	EPRA costs (excluding direct vacancy costs) divided by gross rental income less payments for building rights and ground leases.	An important measure for enabling meaningful measurement of the changes in the company's operating costs.

6.2. Reconciliation tables of the Alternative Performance Measures

Result per share

		30.06.2023	30.06.2022
Net result (in thousands €)	A	7,210	8,233
Number of shares entitled to dividend	B	5,078,525	5,078,525
(Diluted) Net result (€)	A/B	1.42	1.62

Balance sheet figures per share

		30.06.2023	31.12.2022
Equity attributable to the shareholders of the parent company (in thousands €)	A	227,816	232,032
To be excluded:			
• Transfer rights (in thousands €)	B	-7,815	-7,812
Equity attributable to the shareholders of the parent company – investment value (in thousands €):	C = A-B	235,631	239,844
Number of shares entitled to dividend	D	5,078,525	5,078,525
Net value (investment value) (€)	C/D	46.40	47.23

		30.06.2023	31.12.2022
Equity attributable to the shareholders of the parent company (in thousands €)	A	227,816	232,032
Number of shares entitled to dividend	B	5,078,525	5,078,525
Net value (fair value) (€)	A/B	44.86	45.69

Transfer rights[16]

(in thousands €)

		30.06.2023	31.12.2022
Investment value of the real estate portfolio	A	320,899	320,402
Faire value of the real estate portfolio	B	313,084	312,590
Transfer rights	B-A	-7,815	-7,812

Average yield in the portfolio[17]

		30.06.2023	31.12.2022
Rental income, including the estimated rental value of the vacant locations (in thousands €)	A	19.482	18.911
Fair value of the investment properties (in thousands €)	B	312.743	312.590
Average yield (%)	A/B	6,23%	6,05%

16) Including the assets held for sale.
17) Excluding the assets held for sale.

Financial result (excluding changes in the fair value of the financial assets and liabilities)

(in thousands €)		30.06.2023	30.06.2022
Financial result	A	-1,186	1,034
To be excluded:			
• Variations in the fair value of financial assets and liabilities	B	-405	1,811
Financial result (excluding changes in the fair value of the financial assets and liabilities)	A/B	-781	-777

Average interest rate of financing

		30.06.2023	30.06.2022
Net interest charges (in thousands €)	A	779	776
Intrest charges related to the IFRS 16 right-of-use assets (in thousands €)	B	6	7
Net interest charges related to external financing (in thousands €)	C =A-B	773	769
Average debt over the period (in thousands €)	D	80,406	82,617
Average interest rate of financing (based on 360/365) (%)	C/D	1.91%	1.85%

Result on portfolio

(in thousands €)		30.06.2023	30.06.2022
Result on the disposal of investment properties	A	0	0
Variations in the fair value of investment properties	B	356	23
Other result on portfolio	C	182	84
Result on portfolio	A+B+C	538	107

EPRA earnings

(in thousands €)		30.06.2023	30.06.2022
Net result	A	7,210	8,233
On condition of elimination from the net result (+/-):			
• Variations in the fair value of investment properties	B	356	23
• Result on the disposal of investment properties	C	0	0
• Variations in the fair value of financial assets and liabilities	D	-405	1,811
• Taxes: deferred taxes	E	-11	-22
• Other result on portfolio	F	182	84
• Non-distributable result subsidiaries	G	-13	-12
EPRA earnings	A-B-C-D-E-F-F-G	7,101	6,349

EPRA earnings per share

		30.06.2023	30.06.2022
EPRA earnings (in thousands €)	A	7,101	6,349
Weighted average number of shares	B	5,078,525	5,078,525
EPRA earnings (€/share)	A/B	1.40	1.25

EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)

(in thousands €)		30.06.2023		
		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to the shareholders of the parent company:	A	**227,816**	**227,816**	**227,816**
Diluted NAV of fair value	B	**227,816**	**227,816**	**227,816**
To be excluded:	C = D+E+F	-1,511	-1,579	-
• Deferred taxes pertaining to the revaluation of fair value of real estate investments	D	284	284	
• Fair value of the financial instruments	E	-1,795	-1,795	
• Intangible fixed assets according to the IFRS Balance Sheet	F		-68	
To be added:	G = H+ I	7,815	-	-
• Fair value of fixed interest rate debt	H			
• Real estate transfer tax	I	7,815		
NAV	J = B+C+G	**234,120**	**226,237**	**227,816**
Diluted number of shares	K	5,078,525	5,078,525	5,078,525
NAV (€/share)	J/K	**46.10**	**44.55**	**44.86**

(in thousands €)		31.12.2022		
		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to the shareholders of the parent company:	A	**232,032**	**232,032**	**232,032**
Diluted NAV of fair value	B	**232,032**	**232,032**	**232,032**
To be excluded:	C = D+E+F	-1,927	-2,018	-
• Deferred taxes pertaining to the revaluation of fair value of real estate investments	D	273	273	
• Fair value of the financial instruments	E	-2,200	-2,200	
• Intangible fixed assets according to the IFRS Balance Sheet	F		-91	
To be added:	G = H+ I	7,812	-	-
• Fair value of fixed interest rate debt	H			
• Real estate transfer tax	I	7,812		
NAV	J = B+C+G	**237,917**	**230,014**	**232,032**
Diluted number of shares	K	5,078,525	5,078,525	5,078,525
NAV (€/share)	J/K	**46.85**	**45.29**	**45.69**

EPRA Loan-to-value (LTV)

(in thousands €)		30.06.2023 Group's Share[18]	31.12.2022 Group's Share[18]
To be added:			
• Credit institutions	A	85,000	80,497
• Other non-current liabilities	B	109	123
• Trade debts and other current debts	C	939	551
• Other current liabilities	D	537	564
• Deferred income and accrued charges	E	4,509	3,216
To be excluded:			
• Trade receivables	F	2,458	2,327
• Deferred charges and accrued income	G	1,615	399
• Cash and cash equivalents	H	640	163
EPRA Net Debt	I = A+B+C+D+E-F-G-H	**86,381**	**82,062**
To be added:			
• Investment properties available for lease	J	312,597	312,481
• Assets held for sale	K	341	0
• Intangible assets	L	68	91
EPRA Net Property Value	M = J+K+L	**313,006**	**312,572**
(in %)			
EPRA LOAN-TO-VALUE	I/M	**27.6%**	**26.3%**

18) There are no Joint Ventures or other Material Associates with which there exists participating interests.

EPRA Net Initial Yield (NIR) and EPRA adjusted NIY[19]

(in thousands €)		30.06.2023	31.12.2022
Investment properties[20]	A	312,743	312,590
To be excluded:			
• IFRS 16 right-of-use assets	B	-146	-109
• Project developments intended for lease	C	0	0
Real estate available for lease	D = A+B+C	**312,597**	**312,481**
To be added:			
• Transfer rights	E	7,815	7,812
Investment value of properties available for lease	F = D+E	**320,412**	**320,293**
Annualised gross rental income	G	19,347	18,471
To be excluded:			
• Property charges	H	-1,604	-1,770
Annualised net rental income	I=G+H	**17,743**	**16,701**
Adjustments:			
• Rent expiration of rent free periods or other lease incentives	J	243	332
Annualised 'topped-up' net rental income	K = I+J	**17,986**	**17,033**
(in %)			
EPRA NET INITIAL YIELD	I/F	**5.5%**	**5.2%**
EPRA ADJUSTED NET INITIAL YIELD	K/F	**5.6%**	**5.3%**

19) The information for the calculation of the EPRA NIR and EPRA Adjusted NIR relates to forward-looking information and can therefore not be reconciled with the consolidated figures. The annualized gross rental income is therefore equal to the rental income excluding vacancy, as this is not rental income to which the Company is already entitled. Property charges, on the other hand, relate to future costs that have been budgeted, as they are necessary to collect future rental income. The same applies to the rent at the end of rent-free periods or other rent discounts.
20) Excluding the assets held for sale.

EPRA vacancy rate[21]

	Leasable space (m²)	Estimated rental value (ERV) on vacancy (in thousands €)	Estimated rental value (ERV) (in thousands €)	30.06.2023 EPRA vacancy rate (%)	31.12.2022 EPRA vacancy rate (%)
		A	B	A/B	
Flanders	56,359	0	12,316	0,0%	0.0%
Brussels	8,848	0	2,947	0,0%	0.0%
Walloon Region	10,728	135	1,882	7,0%	5.0%
Total real estate available for lease	**75,935**	**135**	**17,145**	**0,8%**	**0.6%**

EPRA Cost Ratios

(in thousands €)

		30.06.2023	30.06.2022
General costs	A	537	731
Other operating income and expenses	B	-4	-4
Write-downs on trade receivables	C	0	-25
Property charges	D	832	813
EPRA costs (including direct vacancy costs)	E = A+B+C+D	**1,365**	**1,515**
Direct vacancy costs	F	-43	-61
EPRA costs (excluding direct vacancy costs)	G = E+F	**1,322**	**1,454**
Rental income less compensations for leasehold estate and long-lease rights	H	**9,220**	**8,593**
(%)			
EPRA Cost ratio (including direct vacancy costs)	E/H	**14.8%**	**17.6%**
EPRA Cost ratio (excluding direct vacancy costs)	G/H	**14.3%**	**16.9%**

21) Excluding the assets held for sale.

About Vastned Belgium: Vastned Belgium is a public regulated real estate company (RREC), the shares of which are listed on Euronext Brussels (VASTB). Vastned Belgium invests exclusively in Belgian commercial real estate, more specifically in multi-functional retail properties located in the popular shopping cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also comprises high-end retail parks and retail warehouses. A smaller part of the portfolio is invested in hospitality and residential units.

For more information, please contact: Vastned Belgium NV, a public regulated real estate company under Belgian law, Sven Bosman – Operational Managing Director, tel. +32 3 361 05 90 // www.vastned.be