





## Half-yearly financial report from the board of directors for the period 01.01.2017 to 30.06.2017

- The EPRA result<sup>1</sup> in the first semester of 2017 is € 1,24 per share (€ 1,18 for the first semester of 2016).
- Continued execution of the strategy to ensure that the share of core city assets in the real estate portfolio exceeds 75% in the long term.
- As at 30 June 2017, 59% of the real estate portfolio consisted of core city assets and 41% of mixed retail locations (inner-city shops outside of the premium cities, high-end retail parks and retail warehouses).
- Realisation of 13 rental transactions, representing approximately 8% of the total annual rental income.
- Occupancy rate as at 30 June 2017: 98% (98% as at 31 December 2016).
- Increase in the fair value of the existing real estate portfolio by 13,5 million<sup>2</sup> in the first semester of 2017, mainly as a result of the stronger yields of the core city assets.
- Limited debt ratio of 28% as at 30 June 2017.
- Expected gross dividend for 2017 between € 2,40 and € 2,50 per share.

<sup>1</sup> In accordance with the issued guidelines of the European Securities and Markets Authority (ESMA), which are applicable as of 3 July 2016, the Alternative Performance Measures (APM) used by Vastned Retail Belgium are included. The definitions, the use and the related reconciliation tables are included in the chapter "Alternative Performance Measures" of the Annual Report 2016 and also on the website [www.vastned.be](http://www.vastned.be) there is a separate Lexcon available with regard to these APM's. A consequence of these guidelines is that the term used prior to this, "operating distributable result", is no longer usable and has been changed to "EPRA result". However, with regard to content there is no difference from "operating distributable result", the term used previously.

<sup>2</sup> With unchanged composition of the real estate portfolio compared with 31 December 2016.

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## 1. Interim management report for the first semester of 2017

In the first semester of 2017 Vastned Retail Belgium remained true to its investment strategy of focusing on core city assets. These are the prime retail properties located on the best shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also consists of mixed retail locations, i.e. the inner-city shops outside the premium cities, high-end retail parks and retail warehouses.

### 1.1. Operating result

In the first semester of 2017 there is a rising trend noticeable in rental income with a relatively unchanged composition of the real estate portfolio.

The EPRA result of Vastned Retail Belgium increased in the first half of 2017 and amounted to € 6,3 million, compared to € 6,0 million in the first half of 2016. This € 0,3 million increase is mainly due to the higher rental income (€ 0,4 million) as a result of new lettings contracted in the course of 2016 and by higher property charges (€ 0,1 million).

This amounts to an EPRA result of € 1,24 per share, compared to € 1,18 in the first semester of the previous financial year.



Antwerp - Meir - Massimo Dutti

### 1.2. Rental activities

In the first semester of 2017 Vastned Retail Belgium carried out 13 rental transactions, including 3 in core city assets, representing approximately 8% of the total annual rental income.

In the first semester of 2017, 5 rental transactions were concluded with new tenants for a total annual rental volume of € 0,4 million. This concerns 2 rentals of unoccupied shops, 2 rentals immediately following the departure of the previous tenant and 1 rental immediately following a bankruptcy of the previous tenant. These 5 lease agreements represent approximately 2% of the company's total rental income.

The new rent for these lease agreements is on average 4% lower than the rent for the previous lease agreements. This decrease in rental price represents only € 14.000, or 0,1% of the total annual rental income. These transactions lead to a drop in vacancy rates in both segments, which in turn results in an increasing cash flow.

Vastned Retail Belgium renewed 8 lease agreements with existing tenants in the first semester of 2017 for an annual rental volume of approximately € 1,2 million. These 8 lease agreements represent approximately 6% of the company's total rental income. On average, the new rent for these lease agreements is 1% higher than the rent being charged in the current lease agreements.

## Occupancy rate<sup>3</sup>

OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION)	30.06.2017	31.12.2016	30.06.2016
Core city assets	99%	99%	99%
Mixed retail assets	98%	97%	98%
<b>Occupancy rate of the real estate portfolio</b>	<b>98%</b>	<b>98%</b>	<b>99%</b>

The occupancy rate of the real estate portfolio as at 30 June 2017 was 98% (compared to 98% as at 31 December 2016).

## 1.3. Redevelopment and divestments

### Redevelopment of a core city asset in Ghent

The second phase, dealing with prominent redevelopment and thorough restoration of a core city asset in the historic city centre of Ghent, has been launched at the end of March 2017.

In the meantime the existing retail property at Zonnestraat 10 in Ghent has already been demolished and work begun on the new-build. The retail property will be rebuilt as an up-to-date building with both retail and residential functionalities. Delivery to the new lessee, YAYA, is planned for some time in mid-January 2018.



Ghent - Zonnestraat - AS Adventure

### Divestment

In the first semester of 2017 Vastned Retail Belgium sold a non-strategic retail property located in Kuurne for an amount of € 0,5 million. The building has a total retail surface area of 736 m<sup>2</sup> and has been vacant for quite some time. This divestment is entirely in keeping with the strategy of the real estate

company to focus on core city assets. Kuurne is a secondary retail location 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.

## 1.4. Composition and evolution of the real estate portfolio as at 30 June 2017

As at 30 June 2017, 59% of the real estate portfolio of Vastned Retail Belgium consisted of core city assets, i.e. prime retail properties located on the best shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges (59% as at 31

December 2016). 41% of the portfolio consists of mixed retail locations, i.e. inner-city shops outside the premium cities, high-end retail parks and retail warehouses (41% as at 31 December 2016).

<sup>3</sup> The occupancy rate is calculated as the ratio between the rental income and the sum of this income and the estimated rental income of unoccupied rental premises.

As at 30 June 2017, the fair value of the investment properties amounted to € 364 million (€ 351 million as at 31 December 2016). The increase of € 13,5 million during the first semester of 2017 primarily follows the increase in the fair value of the existing real estate portfolio. The fair value of the core city

assets increased by 3,13% and that of mixed retail locations by 5,33% (of which the inner-city shops outside the premium cities increased by 5,38% and the retail parks and retail warehouses by 4,63%).

REAL ESTATE PORTFOLIO	30.06.2017	31.12.2016	30.06.2016
Fair value of investment properties (€ 000)	364.263	350.719	349.227
Investment value of investment properties (€ 000)	373.369	359.487	357.958
Total leasable space (m <sup>2</sup> )	88.684	90.255	90.335

The average yield in the portfolio of the real estate company remained stable at 5,42% during the first half year of 2017 (5,57% as at 31 December 2016). As at 30 June 2017, the average yield in the Vastned Retail Belgium portfolio was 4,62% for the core city assets (4,75% as at 31 December 2016) and 6,55% for the mixed retail locations (6,76% as at 31 December 2016).

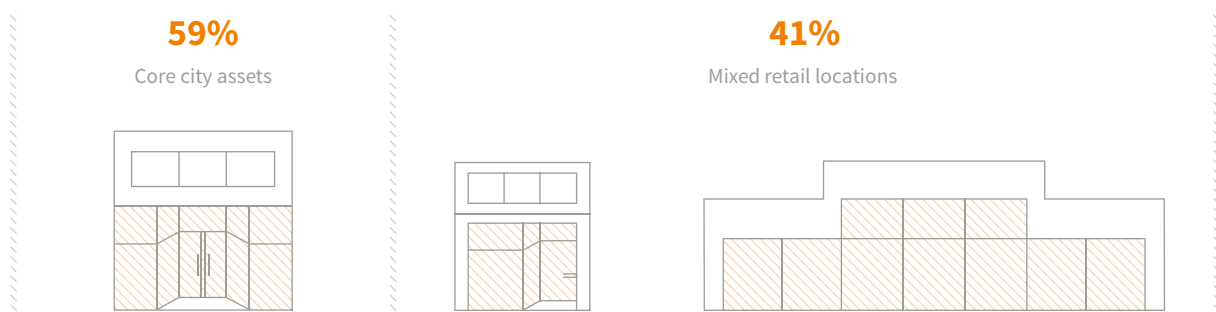
Vastned Retail Belgium focuses on a strategy based on commercial real estate, with respect for criterions of risk spread in the real estate portfolio, relating to the type of building as well as to the geographic spread and the sector of the tenants.

As at 30 June 2017 this risk spread was as follows:



Antwerp - Leysstraat - Armani Jeans

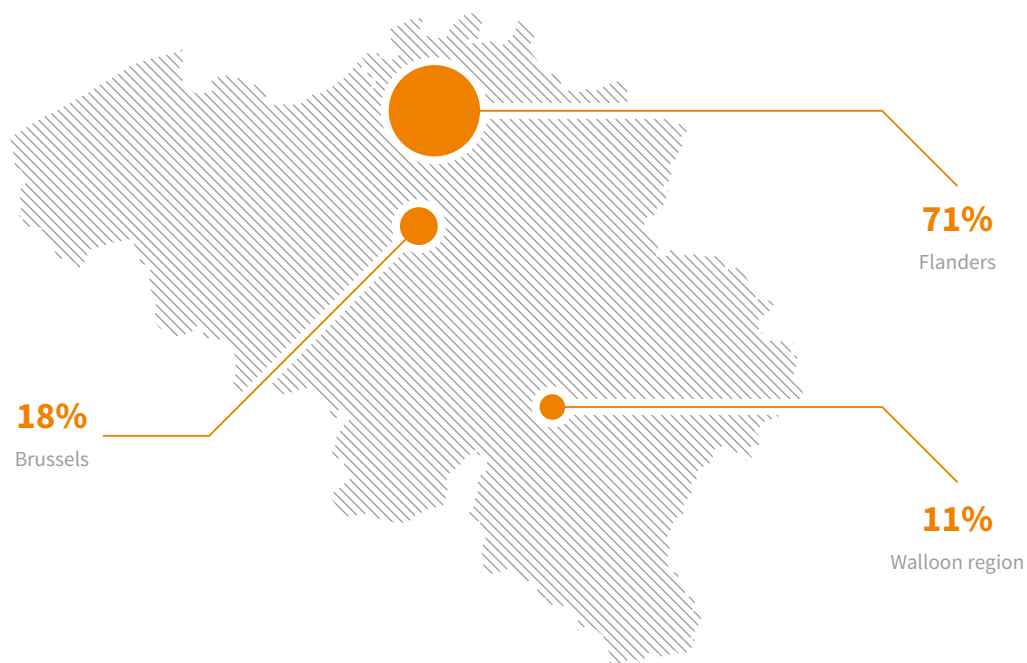
## Type of retail property



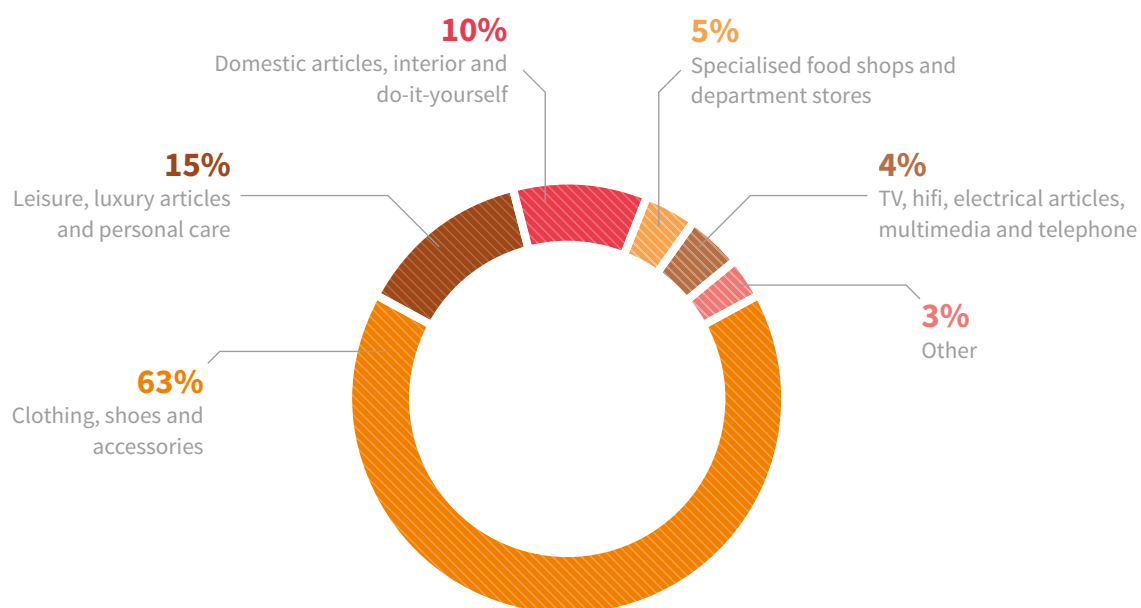
Vastned Retail Belgium intends to achieve a 75% investment ratio in core city assets in Belgium in due course. Vastned Retail Belgium believes that these top locations guarantee

the most authentic and unique experience and also provide the most certainty as an investment object on the long run.

## Geographical spread



## Sector of tenants





## Valuation of the portfolio by independent property experts as at 30 June 2017

Property expert	Fair value of investment properties (€ 000)
Cushman & Wakefield	204.321
CB Richard Ellis	159.942
Total	364.263

### 1.5. Situation of the Belgian commercial real estate market in 2017<sup>4</sup>

A consumer has two shopping needs: at one point it's all about an experience in the core cities, while next time the

need for quick and efficient shopping in a state-of-the-art retail park with ample parking facilities prevails.

#### Commercial lease market

Despite pressure from e-commerce, retailers are continuing to invest in physical stores. E-commerce and physical trade are getting better at working together. You can just as easily place an order in the physical store that is delivered to your home via e-commerce as make a purchase on the internet that you have delivered to the flagship store of your choice. In particular, retailers such as H&M and Zara are very proficient at encouraging synergies between e-commerce and physical trade.

Rental prices in the prime high streets remain stable. In secondary cities, a downward correction of rental prices continues to persist.

In the core cities such as Antwerp and Brussels, rental prices remain comfortably stable. Prime rents up to EUR 1.950 €/m<sup>2</sup> per annum in Antwerp and EUR 1.850 €/m<sup>2</sup> in Brussels are no exceptions.

In addition, Belgium continues to attract retailers as a test market. Antwerp and Brussels are the best cities at attracting these "new" tenants. These include, among others, Arket & Weekday (H&M), Burger King, JD Sports, Jysk, YAYA, vanHaren and Kiabi.

In Ghent there is some pressure on rental prices on Veldstraat due to the Primark opening last year on the one hand, and due to the roadworks and the implementation of a mobility plan that continues to suffer from growing pains, on the other.



Ghent - Veldstraat - H&M

<sup>4</sup> Sources: Retail Focus 2017 and Retail Detail



## Investment market

The investment volume on the “prime streets” remains limited in the first half of 2017. Interest from domestic

as well as foreign investors is still on the upswing, meaning yields continue to drop.

### 1.6. Analysis of the results<sup>5</sup>

Rental income of Vastned Retail Belgium amounted to € 9,5 million in the first semester of 2017 (€ 9,1 million). The € 0,4 million increase is mainly attributable to new lettings contracted in the course of 2016, lease renewals carried out and the indexation of existing lease agreements, and one-off indemnity payments were received from tenants who left their premises before the contractual break.

The real estate costs amounted to € 1,0 million (€ 0,9 million) and increased by € 0,1 million due to an increase of the commercial expenses, among others including those related to commissions, lawyers' fees and other consultancy fees. The general expenses amounted to € 0,6 million (€ 0,7 million) and decreased by € 0,1 million compared to the first semester of 2016 as a result of a more limited staffing in finance and administration.

The fair value of the real estate portfolio increased in the first semester of 2017. The changes in fair value of investment properties amounted to € 13,7 million (€ 2,0 million), mainly attributable to the core city assets as a result of stronger yields.

The financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounted to € -1,5 million for the first half of 2017 (€ -1,5 million), and remains in line with the previous accounting year.

The average interest rate for financing amounted to 3,1%, including bank margins, for the first semester of 2017 (3,1%).

Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first semester of 2017 included the decrease of the negative market value of the interest rate swaps that, in line with IAS 39, cannot be classified as a cash flow hedging instrument, for an amount of € 0,9 million (€ -0,2 million).

The net result of Vastned Retail Belgium for the first semester of 2017 amounted to € 20,7 million (€ 7,8 million) and can be split up into:

- the EPRA result of € 6,3 million (€ 6,0 million), or an increase of € 0,3 million or approximately 5%, primarily due to the increase in rental income, partly compensated by higher property charges;
- result on the portfolio of € 13,5 million (€ 2,0 million);
- 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).

This represents per share for the first semester of 2017 an EPRA result of € 1,24 (€ 1,18), or an increase of approximately 5,1%.

KEY FIGURES PER SHARE	30.06.2017	31.12.2016	30.06.2016
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (6 months/1 year/6 months) (€)	4,08	4,04	1,53
EPRA result (6 months/1 year/6 months) (€)	1,24	2,45	1,18
Net value (fair value) (€)	51,31	49,68	47,17
Net value (investment value) (€)	53,09	51,36	48,87
Share price on closing date (€)	46,26	53,85	52,50
Premium (+) / Discount (-) with regard to fair net value (%)	-10%	8%	11%

<sup>5</sup> The figures between brackets are the comparable figures for the first semester of 2016.

As at 30 June 2017, the net value (fair value) of the share was € 51,31 (€ 49,68 as at 31 December 2016). Given that the share price as at 30 June 2017 was € 46,26, the Vastned Retail Belgium (VASTB) share was quoted with a discount of 10% compared to this net value (fair value). The debt ratio

of the RREC amounted to 28% as at 30 June 2017 (27% as at 31 December 2016). The increase results from the dividend payment for financial year 2016 in May 2017 for an amount of € 12,4 million.

EPRA - KEY FIGURES*	30.06.2017	31.12.2016	30.06.2016
EPRA Earnings per share (€)	1,24	2,45	1,18
EPRA NAV per share (€)	51,79	50,33	48,09
EPRA NNNNAV per share (€)	51,31	49,68	47,17
EPRA Net Initial Yield (NIY) (%)	4,6%	4,8%	4,8%
EPRA Topped-up NIY (%)	4,8%	4,9%	5,0%
EPRA Vacancy rate (%)	1,6%	1,8%	1,4%
EPRA Cost Ratio (including direct vacancy costs)	17,3%	16,2%	17,4%
EPRA Cost Ratio (excluding direct vacancy costs)	16,8%	15,8%	16,6%

## 1.7. Financial structure as at 30 June 2017

Vastned Retail Belgium has a conservative financial structure on 30 June 2017 allowing it to continue to carry out its activities in 2017. In the first semester of 2017, Vastned Retail Belgium began refinancing its entire loans portfolio. This refinancing will have an impact in the course of the third quarter of 2017. The result of this refinancing is an extension of the term of the credit lines, a good spread of maturity dates and a drop in average interest rates.

The most important characteristics of the financial structure as at 30 June 2017 are:

- Amount of withdrawn financial debts: € 100 million (excluding the market value of financial derivatives).
- 40% of the credit lines are long-term financing with an average remaining duration of 2,9 years. 60% of the credit lines are short-term financing of which 29% are credit facilities with an unlimited duration (€ 32 million) and 31% credit facilities expiring in the third quarter of 2017 (€ 20 million) and the first semester of 2018 (€ 15 million).

### Proportion of long-term and short-term credit facilities

**40%**  
Long-term credit facilities



**60%**  
Short-term credit facilities



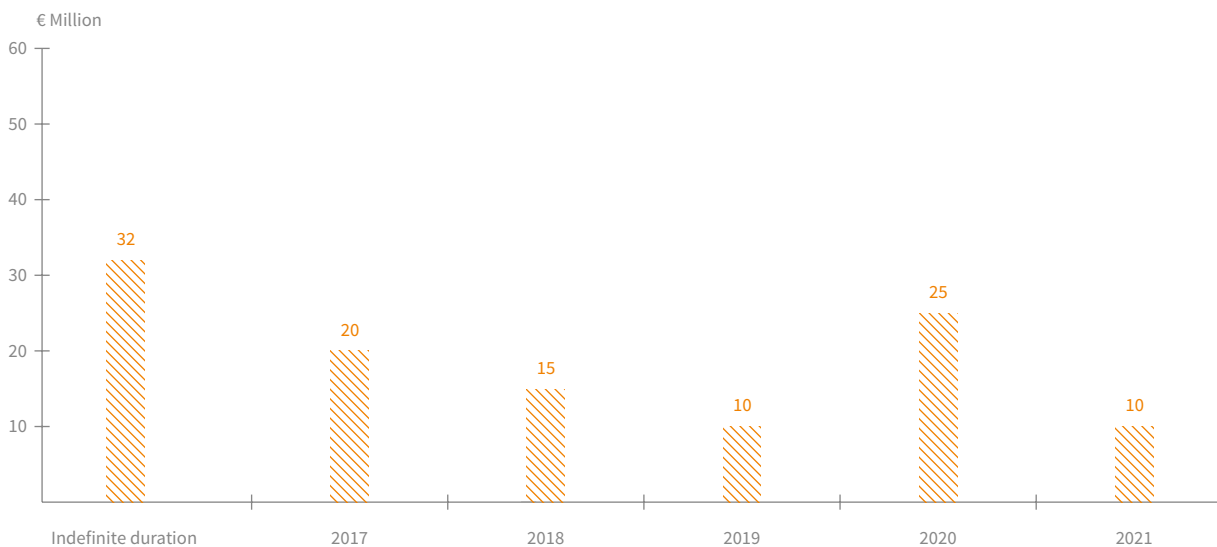
29%  
With indefinite duration

31%  
Credit facility expiring within 12 months

\* The auditor has verified if the “EPRA Earnings”, “EPRA NAV” and “EPRA NNNNAV” ratios were calculated according to the EPRA BPR definitions of December 2014, and if the data used for the calculation of these ratios correspond to the accounting data of the consolidated financial statement.

- Expiry dates of credit facilities between 2017 and 2021.
- Spread of credit facilities over 4 European financial institutions.
- € 12 million of available non-withdrawn credit lines to cover the fluctuations of cash needs and for financing future investments.
- 80% of the credit lines have a fixed interest rate or are fixed by means of interest rate swaps and 20% have a variable interest rate. As at 30 June 2017, 90% of the utilised credit lines had a fixed rate, 10% had a variable rate.
- Fixed interest rates are set for a remaining period of 1,8 years on average.
- Average interest rate for the first semester of 2017: 3,1% including bank margins (3,1% for the first semester 2016).
- Value of financial derivatives: € 2,3 million negative.
- Limited debt ratio of 28% (27% as at 31 December 2016) (legal maximum: 65%).
- In the first semester of 2017 there were no changes made to the existing agreements contracted, and the RREC fulfilled these agreements as at 30 June 2017.

## Due dates calendar of credit lines



Tielt-Winge - Gouden Kruispunt - Avance



## 1.8. Risks for the remaining months of 2017

Vastned Retail Belgium estimates the main risk factors and uncertainties for the remaining months of the 2017 financial year as follows:

### Rental risks

Given the nature of the buildings which are mainly let to national and international retailers, the real estate portfolio is to a certain degree sensitive to the economic situation. However, in the short term no direct risks are recognised that could fundamentally influence the results of the 2017 financial year. Furthermore, there are clear and efficient internal control procedures within the company to limit this risk of default.

### Evolution of the value of the portfolio

To a certain degree, the value of the investment properties of Vastned Retail Belgium is sensitive to the economic situation. In the current economic situation there is an increased risk of vacancy outside the absolute prime locations. This increased risk could lead to a decrease in the value of the real estate portfolio in the second half of 2017.

### Evolution of interest rates

Due to financing with borrowed capital, the return generated by the company depends on changes in interest rates. To limit this risk, an appropriate ratio between borrowed capital with a variable interest rate and borrowed capital with a fixed interest rate is pursued when composing the credit facilities portfolio. As at 30 June 2017, 90% of the utilised credit facilities portfolio had a fixed interest rate, or the rate was fixed by means of interest rate swaps. Some 10% of the credit facilities portfolio has a variable interest rate which is subject to (un) foreseen rises of the currently low interest rates.

## 1.9. Outlook for 2017

The retail market continues to be in a state of flux due to constant changes in consumer spending patterns. Consumers are spending more of their budget than ever on travel, eating out and smartphones/tablets. 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.

### Investments

The supply of top-sellers in the "core cities" is thin. By maintaining close contacts with all players on the retail property

Vastned Retail Belgium is maintaining its strategy of focusing on top-sellers located in the "core cities": Antwerp, Brussels, Ghent and Bruges, with a clear focus on Antwerp.

Premium high street shops are vital for retailers in implementing their expansion plans. Retailers attach importance to the image of their premises and are even willing to pay a higher rent for it. Retailers no longer want to be present in many (sometimes smaller) cities, but are focusing on the most important cities.

market, Vastned Retail Belgium has a good insight into available investment objects.

## Redevelopments

Further growth in the premium segment can also be achieved by renovating and upgrading properties in the existing portfolio.

The final phase of redevelopment has begun on Zonnestraat in Ghent. The building at number 10 has now been demolished and work has begun on the new building. Vastned Retail Belgium will deliver this property during January 2018 to the tenant YAYA, a brand that is part of the AS Adventure Group.



Ghent - Zonnestraat - YAYA (January 2018)

## Divestments

With the current high-quality portfolio of the real estate company, divestments are not a priority within the strategy. Nevertheless, opportunistic divestments of non-core city assets - such as non-strategic mixed retail locations (inner-city shops outside the premium cities, retail warehouses and retail parks) - are open to consideration.

## Gross dividend financial year 2017

Based on the half-yearly results and the forecasts as at 30 June 2017, Vastned Retail Belgium estimates to be able to propose to its shareholders a gross dividend per share between € 2,40 and € 2,50 for the 2017 financial year (compared to € 2,45 for the 2016 financial year). Based on the closing price on 30 June 2017 (€ 46,26), this represents a gross dividend yield of between 5,2% and 5,4%.



Bruges - Steenstraat - H&M

## 2. Condensed consolidated half-yearly figures

### 2.1. Condensed consolidated income statement

IN THOUSANDS €	30.06.2017	30.06.2016
Rental income	9.460	9.076
Rental-related expenses	-67	-63
<b>NET RENTAL INCOME</b>	<b>9.393</b>	<b>9.013</b>
Recovery of rental charges and taxes normally payable by tenants on let properties	1.140	1.270
Rental charges and taxes normally payable by tenants on let properties	-1.140	-1.270
Other rental-related income and expenses	30	23
<b>PROPERTY RESULT</b>	<b>9.423</b>	<b>9.036</b>
Technical costs	-210	-195
Commercial costs	-178	-104
Charges and taxes on unlet properties	-47	-74
Property management costs	-528	-502
Other property charges	-17	-11
<b>Property charges</b>	<b>-980</b>	<b>-886</b>
<b>OPERATING PROPERTY RESULT</b>	<b>8.443</b>	<b>8.150</b>
General costs	-634	-661
Other operating income and costs	16	9
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>7.825</b>	<b>7.498</b>
Result on disposals of investment properties	-21	0
Changes in fair value of investment properties	13.705	2.001
Other result on portfolio	-196	10
<b>OPERATING RESULT</b>	<b>21.313</b>	<b>9.508</b>
Financial income	4	4
Net interest charges	-1.468	-1.477
Other financial charges	-2	-3
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	942	-225
<b>Financial result</b>	<b>-524</b>	<b>-1.701</b>
<b>RESULT BEFORE TAXES</b>	<b>20.789</b>	<b>7.807</b>
Taxes	-61	-22
<b>NET RESULT</b>	<b>20.728</b>	<b>7.785</b>



IN THOUSANDS €	30.06.2017	30.06.2016
<b>NET RESULT</b>	<b>20.728</b>	<b>7.785</b>
<b>Note:</b>		
EPRa result	6.290	5.978
Result on portfolio	13.488	2.011
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	950	-204
<b>Attributable to:</b>		
Shareholders of the parent company	20.728	7.785
Non-controlling interests	0	0

RESULT PER SHARE	30.06.2017	30.06.2016
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	4,08	1,53
Diluted net result (€)	4,08	1,53
EPRa result (€)	1,24	1,18

## 2.2. Condensed consolidated statement of comprehensive income

IN THOUSANDS €	30.06.2017	30.06.2016
<b>NET RESULT</b>	<b>20.728</b>	<b>7.785</b>
<b>Other components of comprehensive income (recyclable through income statement)</b>		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
<b>COMPREHENSIVE INCOME</b>	<b>20.728</b>	<b>7.785</b>
<b>Attributable to:</b>		
Shareholders of the parent company	20.728	7.785
Non-controlling interests	0	0

## 2.3. Condensed consolidated balance sheet

ASSETS IN THOUSANDS €	30.06.2017	31.12.2016
<b>Non-current assets</b>	<b>364.880</b>	<b>351.329</b>
Intangible assets	6	1
Investment properties	364.263	350.719
Other tangible assets	608	606
Trade receivables and other non-current assets	3	3
<b>Current assets</b>	<b>3.032</b>	<b>1.583</b>
Trade receivables	78	381
Tax receivables and other current assets	106	110
Cash and cash equivalents	1.147	320
Deferred charges and accrued income	1.701	722
<b>TOTAL ASSETS</b>	<b>367.912</b>	<b>352.912</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
<b>Shareholders' equity</b>	<b>260.567</b>	<b>252.281</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>260.567</b>	<b>252.281</b>
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	138.443	130.352
Net result of the financial year	20.728	20.533
<b>Non-controlling interests</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>107.345</b>	<b>100.631</b>
<b>Non-current liabilities</b>	<b>47.310</b>	<b>63.304</b>
Non-current financial debts	45.000	60.000
<i>Credit institutions</i>	45.000	60.000
Other non-current financial liabilities	2.057	3.154
Other non-current liabilities	140	109
Deferred taxes - liabilities	113	41
<b>Current liabilities</b>	<b>60.035</b>	<b>37.327</b>
Provisions	269	269
Current financial debts	55.150	32.900
<i>Credit institutions</i>	55.150	32.900
Other current financial debts	261	106
Trade debts and other current debts	1.983	2.725
Other current liabilities	597	628
Deferred charges and accrued income	1.775	699
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>367.912</b>	<b>352.912</b>

## 2.4. Condensed consolidated cash flow statement

IN THOUSANDS €	30.06.2017	30.06.2016
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>320</b>	<b>272</b>
<b>1. Cash flow from operating activities</b>	<b>5.909</b>	<b>5.661</b>
<b>Operating result</b>	<b>21.313</b>	<b>9.508</b>
<b>Interest paid</b>	<b>-1.457</b>	<b>-1.501</b>
<b>Other non-operating elements</b>	<b>883</b>	<b>246</b>
<b>Adjustment of result for non-cash flow transactions</b>	<b>-14.509</b>	<b>-1.693</b>
• Depreciations on intangible and other tangible assets	44	33
• Result on disposals of investment properties	21	0
• Spread of rental discounts and benefits granted to tenants	-124	60
• Changes in fair value of investment properties	-13.705	-2.001
• Other result on portfolio	196	-10
• Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-941	225
<b>Changes in working capital</b>	<b>-320</b>	<b>-407</b>
• Movement of assets	551	-182
• Movement of liabilities	-871	-225
<b>2. Cash flow from investment activities</b>	<b>80</b>	<b>-659</b>
Acquisitions of intangible and other tangible assets	-51	-9
Acquisitions of investment properties	0	0
Investments in existing investment properties	-401	-554
Proceeds of disposals of investment properties	541	0
Prepaid investment invoices	-9	-96
<b>3. Cash flow from financing activities</b>	<b>-5.162</b>	<b>-4.893</b>
Repayment of loans	0	-25.000
Drawdown of loans	7.250	32.870
Receipts from non-current liabilities as guarantee	30	-16
Dividend paid	-12.442	-12.747
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER</b>	<b>1.147</b>	<b>381</b>



## 2.5. Condensed statement of changes in consolidated equity

IN THOUSANDS €	Share capital	Share premium	Reserves	Net result of the financial year	Minority interests	Total Shareholders' equity
<b>Balance as 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 first semester 2016				7.785		7.785
Transfers through result allocation 2015:						
Transfer from result on portfolio to reserves			2.308	-2.308		0
Transfer of changes in fair value of financial assets and liabilities			197	-197		0
Other movements			50	-50		0
Dividends financial year 2015				-12.747		-12.747
<b>Balance as at 30 June 2016</b>	<b>97.213</b>	<b>4.183</b>	<b>130.352</b>	<b>7.785</b>	<b>0</b>	<b>239.533</b>
<b>Balance as 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>
Comprehensive income of first semester 2017				20.728		20.728
Transfers through result allocation 2016:						
Transfer from result on portfolio to reserves			6.638	-6.638		0
Transfer of changes in fair value of financial assets and liabilities			889	-889		0
Other movements			564	-564		0
Dividends financial year 2016				-12.442		-12.442
<b>Balance as at 30 June 2017</b>	<b>97.213</b>	<b>4.183</b>	<b>138.443</b>	<b>20.728</b>	<b>0</b>	<b>260.567</b>

## 2.6. Notes to the consolidated condensed half-yearly figures

### Condensed consolidated income statement by segment

Business segment	Core city assets		Mixed retail locations		Corporate		TOTAL	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
<b>IN THOUSANDS €</b>								
Rental income	4.736	4.367	4.724	4.710			9.460	9.076
Rental-related expenses	0	-6	-67	-57			-67	-63
Property management costs and income	0	0	30	23			30	23
<b>PROPERTY RESULT</b>	<b>4.736</b>	<b>4.361</b>	<b>4.687</b>	<b>4.676</b>			<b>9.423</b>	<b>9.036</b>
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>4.169</b>	<b>3.993</b>	<b>4.198</b>	<b>4.098</b>	<b>-542</b>	<b>-593</b>	<b>7.825</b>	<b>7.498</b>
Result on disposals of investment properties	0	0	-21	0			-21	0
Changes in fair value of investment properties	6.490	1.554	7.215	447			13.705	2.001
Other result on portfolio	36	40	-232	-30			-196	10
<b>OPERATING RESULT OF THE SEGMENT</b>	<b>10.695</b>	<b>5.586</b>	<b>11.160</b>	<b>4.514</b>	<b>-542</b>	<b>-593</b>	<b>21.313</b>	<b>9.508</b>
Financial result					-524	-1.701	-524	-1.701
Taxes					-61	-22	-61	-22
<b>NET RESULT</b>	<b>10.695</b>	<b>5.586</b>	<b>11.160</b>	<b>4.514</b>	<b>-1.127</b>	<b>-2.316</b>	<b>20.728</b>	<b>7.785</b>

Business segment: key figures	Core city assets		Mixed retail locations		TOTAL	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
<b>IN THOUSANDS €</b>						
Fair value of investment properties	213.791	201.480	150.472	147.747	364.263	349.227
Investments during the financial year (fair value)	3	0	397	0	400	0
Divestments during the financial year (fair value)	0	0	-561	0	-561	0
Investment value of investment properties	219.135	206.517	154.234	151.440	373.369	357.958
Total leasable space (m <sup>2</sup> )	23.634	22.740	65.050	67.595	88.684	90.335
Occupancy rate (%)	99%	99%	98%	98%	98%	99%

## Principles for preparation of half-yearly figures

The condensed consolidated half-yearly figures are prepared on the basis of the principles of financial reporting in accordance with IAS 34 "Interim financial reporting". In these

condensed half-yearly figures the same principles of financial information and calculation methods are used as those used for the consolidated annual accounts as at 31 December 2016.

## New or amended standards and interpretations effective for the financial year starting on 1 January 2017

The following amended standards by the IASB and published standards and interpretations by the IFRIC are effective for the current period, but do not affect the disclosure, notes or financial results of the company: IAS 7 Statement of Cash flows - Amendments as result of the Disclosure initiative

(1/1/2017); IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (1/1/2017); Annual Improvements to IFRSs Cycle 2014-2016 (1/1/2017).

## New disclosed standards and interpretations not yet effective in 2017

The following amendments which are applicable as of next year or later are not expected to have a material impact on the presentation, notes or financial results of the RREC: IFRS 9 Financial Instruments and Subsequent amendments (1/1/2018); IFRS 15 Revenue from Contracts with Customers (1/1/2018); IFRS 16 Leases (1/1/2019); IFRS 17 Insurance Contracts (1/1/2021).

### IFRS 9 - Financial instruments

IFRS 9 was finalised and published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.

Based on an analysis of Vastned Retail Belgium's situation as at 30 June 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk, Vastned Retail Belgium does however not anticipate a material impact on the consolidated financial statements.

### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.

IFRS 15 is not expected to have a material impact on the consolidated financial statements of Vastned Retail Belgium as lease contracts are excluded from the scope of the standard and represent the main source of income for Vastned Retail Belgium. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, Vastned Retail Belgium does not anticipate a material impact in that respect.

**IFRS 16 - Leases**

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level.

Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor

accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As Vastned Retail Belgium is almost exclusively acting as lessor and has chosen not to reassess whether a contract is or contain a lease compared to IAS 17, IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where Vastned Retail Belgium is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions (e.g. property used by the Group), a right-of-use asset and related liability will be recognised on the consolidated balance sheet.

Evolution of investment properties

	30.06.2017			30.06.2016		
	Core city assets	Mixed retail locations	Total	Core city assets	Mixed retail locations	Total
IN THOUSANDS €						
<b>Balance as at 1 January</b>	207.297	143.422	<b>350.719</b>	199.392	147.282	<b>346.674</b>
Investments in existing investment properties	3	397	<b>400</b>	534	18	<b>552</b>
Disposals of investment properties	0	-561	<b>-561</b>	0	0	<b>0</b>
Changes in fair value of investment properties	6.491	7.214	<b>13.705</b>	1.554	447	<b>2.001</b>
<b>Balance as at 30 June</b>	213.791	150.472	<b>364.263</b>	201.480	147.747	<b>349.227</b>
OTHER INFORMATION						
Investment value of investment properties	219.136	154.233	<b>373.369</b>	206.517	151.440	<b>357.958</b>



Investment properties are recognised at fair value. The fair value is determined on the basis of one of the following levels of the fair value hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on information that is not (externally) observable.

IFRS 13 classifies investment properties as level 3.

As at 30 June 2017, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 20,4% of the consolidated assets of Vastned Retail Belgium. Based on the total annual rental income, H&M represents 18,05%. 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. In the light of this granted derogation, the debt ratio may not amount to more than 33%, in accordance with the provisions of Article 30 §4 of the RREC Act. The debt ratio of Vastned Retail Belgium amounted to 28% as at 30 June 2017. The aforementioned derogation was obtained for 2 years, until October 2017.

## Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the lease contracts has as at 30 June 2017 the following collection terms:

IN THOUSANDS €	30.06.2017	30.06.2016
Receivables with a remaining duration of:		
• Less than one year	18.482	17.992
• Between one and five years	21.057	22.226
• More than five years	0	25
<b>Total of future minimum rental income</b>	<b>39.539</b>	<b>40.243</b>

## Non-current and current liabilities

An update of the financial structure as at 30 June 2017 is provided in paragraph 1.7. (supra) of the interim management report.

In the first semester of 2017, Vastned Retail Belgium began refinancing its entire loans portfolio. This refinancing will have an impact in the course of the third quarter of 2017. The result of this refinancing is an extension of the term of the credit lines, a good spread of maturity dates and a drop in average interest rates.

## Financial instruments

The major financial instruments of Vastned Retail Belgium consist of financial and commercial receivables and debts,

cash and cash equivalents as well as financial instruments of the type interest rate swap (IRS).

Summary of the financial instruments			30.06.2017		31.12.2016	
IN THOUSANDS €	Catego- ries	Level	Carrying amount	Fair value	Carrying amount	Fair value
<b>FINANCIAL INSTRUMENTS ON ASSETS</b>						
<b>Non-current assets</b>						
Trade receivables and other non-current assets	A	2	3	3	3	3
<b>Current assets</b>						
Trade receivables	A	2	78	78	381	381
Tax receivables and other current assets	A	2	106	106	110	110
Cash and cash equivalents	B	2	1.147	1.147	320	320
<b>FINANCIAL INSTRUMENTS ON LIABILITIES</b>						
<b>Non-current liabilities</b>						
Non-current financial debts (interest-bearing)	A	2	45.000	45.000	60.000	60.000
Other non-current financial liabilities	C	2	2.057	2.057	3.154	3.154
Other non-current liabilities	A	2	140	140	109	109
<b>Current liabilities</b>						
Current financial debts (interest-bearing)	A	2	55.150	55.150	32.900	32.900
Other current financial liabilities	C	2	261	261	106	106
Trade debts and other current debts	A	2	1.983	1.983	2.725	2.725
Other current liabilities	A	2	597	597	628	628

The categories correspond to the following financial instruments:

- A. Financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost
- B. Cash investments held to maturity and measured at amortised cost
- C. Assets and liabilities held at fair value through profit and loss, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recognised at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on information that is not (externally) observable

The financial instruments of Vastned Retail Belgium correspond to level 2 of the fair value hierarchy.

The valuation techniques relating to the fair value of level 2 financial instruments are mentioned in the 2016 Annual report in Note 19 Financial instruments.

Fair value of financial derivatives as at 30 June 2017:

IN THOUSANDS €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	30.06.17	31.12.16
1	IRS	15/04/13	15/04/18	2,29%	€ 10.000	No	0	-338
2	IRS	6/10/13	6/10/18	2,60%	€ 15.000	No	-559	-779
3	IRS	6/10/13	6/10/18	2,50%	€ 10.000	No	-359	-501
4	IRS	15/12/13	15/12/18	2,50%	€ 10.000	No	-410	-552
5	IRS	1/10/14	1/10/19	0,72%	€ 15.000	No	-307	-400
6	IRS	18/06/15	18/06/20	0,49%	€ 5.000	No	-87	-119
7	IRS	26/06/15	26/06/20	0,49%	€ 5.000	No	-88	-121
8	IRS	18/06/15	18/06/21	0,64%	€ 10.000	No	-247	-344
<b>Other non-current financial liabilities</b>							<b>-2.057</b>	<b>-3.154</b>
1	IRS	15/04/13	15/04/18	2,29%	€ 10.000	No	-209	0
9	IRS	15/12/13	15/12/17	0,79%	€ 10.000	No	-52	-106
<b>Other current financial liabilities</b>							<b>-261</b>	<b>-106</b>
<b>Total fair value financial derivatives</b>							<b>-2.318</b>	<b>-3.260</b>

As at 30 June 2017, these interest rate swaps had a negative market value of € -2,3 million (contractual notional amount of € 90 million), which is determined by the issuing financial institution on a quarterly basis.

Vastned Retail Belgium did not classify any interest rate swaps as a cash flow hedge as at 30 June 2017. The value fluctuations of all existing interest rate swaps are directly included in the income statement.

## Related parties

No modifications have occurred during the first semester of 2017 regarding the type of transactions with related parties as described in Note 21 of the Financial report of the 2016 Annual report.

## Off-balance sheet obligations

In the first semester of 2017, there have been no changes in the off-balance sheet obligations as described in Note 25 of the Financial report of the Annual report of 2016.

## Events after the balance sheet date

As at 3 July 2017 Vastned Retail Belgium has expanded its real estate portfolio in Antwerp with the purchase of 3 adjoining historical retail properties located at Steenhouwersvest 44-46-48.

The acquisition of these properties, an investment of approximately € 6 million (including acquisition costs), is entirely in line with the real estate company's strategy to invest in core city assets. Today the total real estate portfolio in Antwerp consists of 18 buildings with a total value of € 82,9 million.

The store located at number 44 measures 60 square metres and is leased to Diane Von Furstenberg. Diane Von Furstenberg (DVF) is a Belgian-American fashion designer and is one of the most influential fashion designers in the world. DVF is sold in 70 countries and around 50 mono-brand stores worldwide.

The retail property located at number 46 measures 66 square metres on the ground floor and 180 square metres on the first floor and is leased to Damoy. Damoy is a Belgian multi-brand boutique with "city chic fashion" from Antwerp, Brussels, Paris, London and Milan.

The store located at number 48 measures 65 square metres and is leased to Le Pain Quotidien. Le Pain Quotidien is a Belgian bakery chain with 239 branches in 18 countries. In Belgium, the group has already 29 branches.

In addition to the 3 commercial retail units, this acquisition includes 5 apartments that are currently being renovated. These apartments will be delivered in the third quarter of 2017.

## Location

Steenhouwersvest is located in the historic city centre of Antwerp near the "De Wilde Zee" shopping area and is close to Nationalestraat, Lombardenvest and Kloosterstraat. The Steenhouwersvest neighbourhood is becoming ever more popular among retailers. Recently Clio Goldbrenner and Ace & Tate opened their first Belgian establishment in this up-and-coming shopping area.

## The transaction

The properties on Steenhouwersvest have been acquired for a total amount of approximately € 6 million via the acquisition of the shares of the company RR Developments NV. This acquisition, at a yield in line with market conditions, is being financed from the available credit lines and by the takeovers of the credit lines of the company acquired. The purchase value is in line with the valuation by the company's independent property expert.

This acquisition will generate a rental income flow for the regulated real estate company of approximately € 0,3 million annually and immediately contribute to the consolidated EPRA earnings.

Besides of the above, there are no significant events to be mentioned that occurred after the closing of the accounts as at 30 June 2017.



Antwerp - Steenhouwersvest 44 - 46 - 48 - Diane Von Fustenberg - Damoy - Le Pain Quotidien



## 2.7. Statutory auditor's report

Report of the statutory auditor to the shareholders of Vastned Retail Belgium nv on the review of the Condensed Consolidated Half-yearly Figures as of 30 June 2017 and for the six-month period then ended.

### Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Vastned Retail Belgium nv (the “Company”), and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed statement of changes in consolidated equity for the six-month period then ended, and explanatory notes, collectively, the “Condensed Consolidated Half-yearly Figures”. These statements show a consolidated balance sheet total of € 367.912 thousand and a consolidated profit for the six-month period of € 20.728 thousand. The board of directors is responsible for the preparation and presentation of these Condensed Consolidated Half-yearly Figures in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”) as adopted by the European Union. Our responsibility is to express a conclusion on these Condensed Consolidated Half-yearly Figures 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 the 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 Half-yearly Figures are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Brussels, 26 July 2017

**Ernst & Young Bedrijfsrevisoren bcvba**

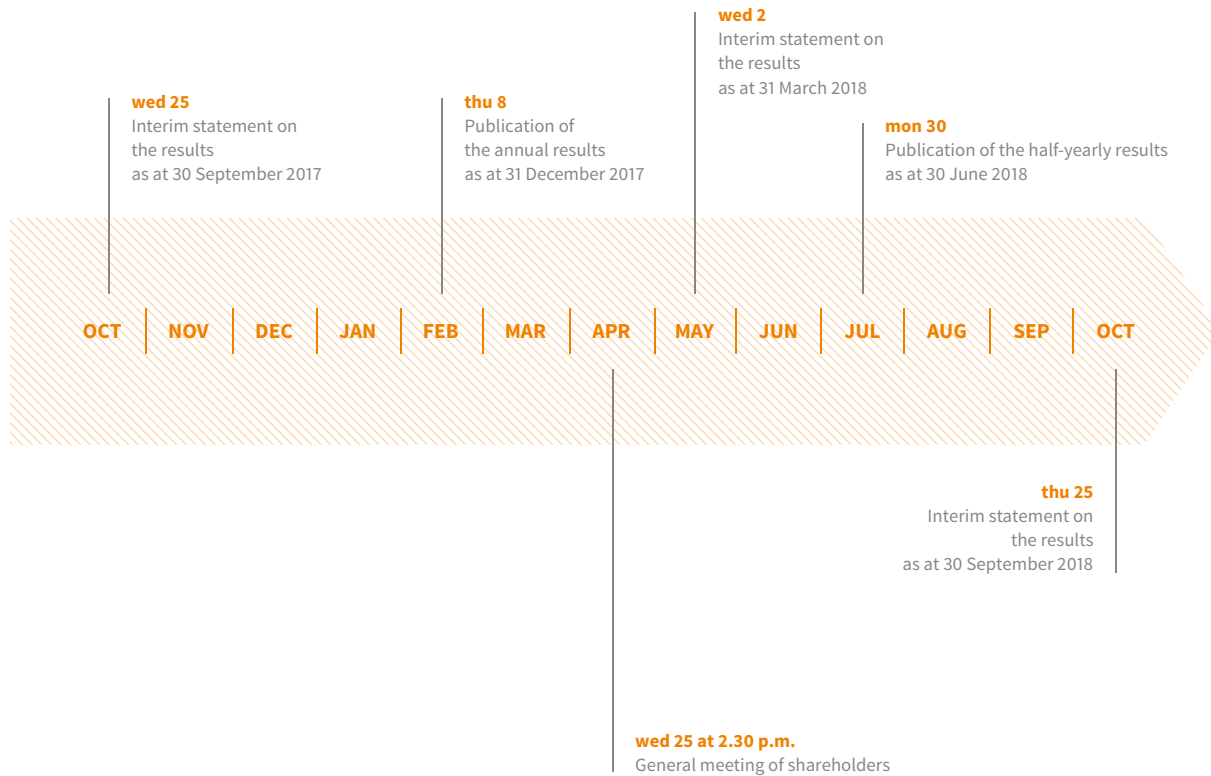
Statutory auditor  
represented by

**Joeri Klaykens\***

Partner

\* Acting on behalf of a bvba/sprl

## 2.8. Financial calendar



## 3. Statement for the half-yearly financial report

In accordance with article 13 §2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), Taco de Groot, Reinier Walta, Peggy Deraedt, Anka Reijnen and Lieven Cuvelier, declares that according to its knowledge:

- the condensed half-yearly figures, prepared in accordance with the principles of financial information in accordance with IFRS and in accordance with IAS 34 "Interim Financial Information" as accepted by the European Union, give a true and fair view of the equity, the financial position and the results of Vastned Retail Belgium and the companies included in the consolidation;
- the interim management report gives a true statement of the main events which occurred during the first six

months of the current financial year, their influence on the condensed half-yearly figures, the main risk factors and uncertainties regarding the remaining months of the financial year, as well as the main transactions between related parties and their possible effect on the condensed half-yearly figures if these transactions should have a significant importance and were not concluded at normal market conditions;

- the information in the interim management report coincides with reality and no information has been omitted from the statement which could modify the tenor of the interim management report.

These condensed half-yearly figures were approved for publication by the board of directors on 26 July 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 core city assets (prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges), and mixed retail locations (inner-city shops outside of the premium cities, high-end retail parks and retail warehouses). The RREC intends to achieve a 75% investment ratio in core city assets in due course.

**For more information, please contact:**

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**Disclaimer**

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.



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