

Interim statement from the board of directors for the first quarter of 2016

- Firm establishment in the premium city high street shops' segment remains the objective.
- As at 31 March 2016, 58% of the real estate portfolio consists of premium city high street shops, 17% of high street shops and 25% of non-high street shops (retail parks and retail warehouses).
- Realisation of 3 rental transactions, including 2 in premium city high street shops, representing about 2% of the total annual rental income, resulting in an average rent increase of 7%.
- Occupancy rate as at 31 March 2016: 98% (98% as at 31 December 2015).
- Increase in the fair value of the existing real estate portfolio by € 1 million¹ in the first quarter of 2016.
- Decrease of the operating distributable result in the first quarter of 2016 to € 0,56 per share (€ 0,64 for the first quarter of 2015) mainly due to the divestment in 2015 of 14 non-strategic retail properties.
- Limited debt ratio of 27% as at 31 March 2016.
- Vastned Retail Belgium to get dedicated management.

¹ With unchanged composition of the real estate portfolio compared with 31 December 2015.

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1. Operational activities for the first quarter of 2016

Redevelopment of premium city high street shop Zonnestraat Ghent

Works in the context of prominent redevelopment and thorough restoration of a premium city high street shop of 3.000 m² at the Zonnestraat in Ghent are proceeding according to schedule. Vastned Retail Belgium expects completion at the beginning of August. It is the company's express intention to give back to the retail property in this prime location its original character and appeal. The covered space on the first floor will be opened up so that it once again offers a view of the beautiful art deco stained glass domes. The façade will also be given a thorough overhaul and restored to its original state as much as possible. The planned redevelopment and restoration amounting to approximately € 2 million is entirely in keeping with the real estate company's strategy to invest in premium city high street shops. A high-quality tenant has been found in AS Adventure, a Belgian retail chain specialised in everything needed for outdoor, leisure and fashion; this will suit the appearance of the restored building perfectly. The tenant will begin occupying the building in the autumn.

Leases

In the first quarter of 2016 Vastned Retail Belgium **realised 3 rental transactions** representing approximately 2% of the total annual rental income, resulting in average rental growth of 7%:

- Two rental transactions were concluded with **new tenants** for a total annual rental volume of € 0,1 million. The new rent for these lease agreements is on average 2% higher than the rent for the previous lease agreements.
- One lease agreement was **renewed** in the segment of premium city high street shops for a lease volume of about € 0,2 million annually. On average, the new rent for these lease agreements is 9% higher than the rent being charged in the current lease agreement.



▲ Zonnestraat 6-10 - Ghent

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Occupancy rate

	31.03.2016	31.12.2015
Occupancy rate (excluding buildings undergoing renovation)		
Premium city high street shops	99%	100%
High street shops	98%	98%
Non-high street shops (retail parks and retail warehouses)	96%	96%
Occupancy rate of the real estate portfolio	98%	98%

The **occupancy rate**² of the real estate portfolio amounted to 98% as at 31 March 2016, remaining unchanged compared to 31 December 2015. The occupancy rate of premium city high street shops decreased to 99% compared to 100% at the end of 2015 due to bankruptcy of the tenant of one of the shop units in the basement (652 m²) for which replacement will be found as soon as possible. The occupancy rates of the high street shops (98%) and the non-high street shops (96%) remained stable.

Evolution of fair value

As at 31 March 2016 the fair value of the real estate portfolio of Vastned Retail Belgium amounted to € 348 million, a € 1 million increase compared to the end of 2015 (€ 347 million as at 31 December 2015).

The total leasable space is 90.220 m² as at 31 March 2016.

Composition of the real estate portfolio

During the first quarter of 2016, the composition of the real estate portfolio remained unchanged compared to 31 December 2015. As at 31 March 2016, 58% of the real estate portfolio of Vastned Retail Belgium consisted of premium city high street shops, this concerns top-level shop buildings located in the best shopping streets in the major cities Antwerp, Brussels, Ghent and Bruges. Some 17% of the portfolio consisted of high street shops, i.e. city centre shops outside the premium cities, while the other retail properties, i.e. retail parks and retail warehouses, made up 25% of the real estate portfolio.



▲ Zonnestraat 6-10 - Ghent

2 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.

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2. Financial results for the first quarter of 2016

Consolidated income statement

in thousands €	31.03.2016	31.03.2015
Rental income	4.486	4.944
Rental-related expenses	-33	-26
Property management costs and income	3	1
Property result	4.456	4.919
Property charges	-525	-470
General costs and other operating income and costs	-308	-305
Operating result before result on portfolio	3.623	4.144
Result on disposals of investment properties	0	-7
Changes in fair value of investment properties	898	4.072
Other result on portfolio	4	-100
Operating result	4.525	8.109
Financial result (excl. changes in fair value - IAS 39)	-747	-821
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-303	91
Taxes	-14	-72
Net result	3.461	7.307
Note:		
Operating distributable result	2.853	3.234
Result on portfolio	902	3.965
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-294	108
Information per share	31.03.2016	31.03.2015
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	0,68	1,44
Operating distributable result (€)	0,56	0,64

Analysis of the results³

The **rental income** of Vastned Retail Belgium in the first quarter of 2016 amounted to € 4,5 million (€ 5,0 million). The € 0,5 million decrease was mainly attributable to the divestment in 2015 of 14 non-strategic retail properties (i.e. retail warehouses and inner-city shops at secondary locations), which account for approximately 9% of the real estate portfolio, on the one hand, compensated by the acquisition of 4 premium city high street shops in the centre of Antwerp over the course of 2015, the indexation of existing lease agreements, and lease renewals carried out, on the other hand.

Property charges as well as the **general costs** remained stable compared to the first quarter of 2015 and amounted to respectively € 0,5 million and € 0,3 million for the first quarter of 2016.

The **changes in the fair value of the investment properties** are positive in the first quarter of 2016 and amounted to € 0,9 million (€ 4,1 million). The increase in fair value of the investment properties is mainly situated in the premium city high street shops.

The **financial result (excl. changes in fair value - IAS 39)** amounted to € -0,7 million and thus decreased by € 0,1 million compared to the first quarter of 2015 (€ -0,8 million). This is due to refinancing of a number of loan contracts against lower interest rates and lower credit borrowing due to the achieved sales of investment properties. The average interest rate for financing amounted to 3,2%, including bank margins for the first quarter of 2016 (3,1%).

As at 31 March 2016, 58% of the **credit lines** were long-term financing, with an average remaining duration of 2,9 years. 42% of the credit lines are short-term financings, 24% of which consists of financings with an unlimited duration and 18% of which derives from a credit line that will expire during the second quarter of 2016. As at 31 March 2016, there were € 44 million in non-withdrawn available credit lines for the purpose of absorbing fluctuations in liquidity requirements, to finance future investments and to pay the dividend for the 2015 financial year.

The **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)** in the first quarter of 2016 included the increase in the negative market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of € -0,3 million (€ 0,1 million).

The **net result** of Vastned Retail Belgium for the first quarter of 2016 amounted to € 3,5 million (€ 7,3 million) and may be divided into:

- the operating distributable result of € 2,9 million (€ 3,2 million), or a decrease of approximately 12%, primarily due to the divestment of 14 non-strategic shops in 2015, resulting in a decrease in rental income
- results on the portfolio of € 0,9 million (€ 4,0 million);
- changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements in the amount of € -0,3 million (€ 0,1 million).

The **operating distributable result** per share amounted to € 0,56 in the first quarter of 2016 (€ 0,64).

³ Comparative figures from the first quarter of 2015 are placed in brackets.

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Balance sheet information - per share	31.03.2016	31.12.2015
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	48,82	48,14
Net value (investment value) (€)	50,58	49,90
Net asset value EPRA (€)	49,77	49,02
Share price on closing date (€)	55,30	55,97
Premium with regard to net value (fair value) (%)	13%	16%

As at 31 March 2016, the **net value** (fair value) was € 48,82 per share (€ 48,14 as at 31 December 2015). As the share price as at 31 March 2016 is € 55,30, the Vastned Retail Belgium (VASTB) share was listed at a premium of 13% compared to this net value (fair value).

The **debt ratio** of the company decreased by 1% in the first quarter of 2016 and amounted to 27% as at 31 March 2016 (28% as at 31 December 2015).

3. General Meeting and dividend distribution

The general meeting of shareholders of 27 April 2016 approved the statutory and consolidated annual accounts of Vastned Retail Belgium closed as at 31 December 2015, including the profit appropriation. A gross dividend of € 2,51 per share is being distributed for the 2015 financial year. After deducting an amount of 27% for withholding tax, the net dividend for the 2015 financial year amounts to € 1,8323 per share.

The dividend is payable as from 09 May 2016 based on the shareholding as at 4 May 2016.

As regards dematerialised shares, the financial institutions with which the shares are held in a securities account pay the dividend to the holders. The company automatically pays the dividend for the registered shares to the shareholders by bank transfer.

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4. Outlook

Vastned Retail Belgium intends to pursue this strategy further in 2016 by focusing explicitly on premium quality locations and properties. The company will continue to work towards a clear predominance of premium city high street shops, i.e. the very best retail properties in the most popular shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges, since it wants to invest 75% in this type of real estate in the long term.

Divestments will, for the most part, be made in an opportunistic way, and are only being considered for less strategic high street shops in smaller cities and less strategic retail warehouses or retail parks.

In regards to future rent increases, stemming primarily from lease renewals negotiated in 2016, Vastned Retail Belgium is mildly optimistic. Prime locations should be able to ensure rent increases, but for other locations the company might have to be content with current rent levels. The rate of inflation is expected to remain low.

In 2015, Vastned Retail Belgium divested 14 non-strategic retail properties, thereby improving the quality of the real estate portfolio. The short-term consequence of this is that the 2016 operating distributable result is expected to be lower than in 2015. The actual decrease in the operating distributable result will depend largely on the investments that the company is able to make.

5. Organisational structure

In view of the recently changed shareholder structure of Intervest Offices & Warehouses, it has been decided in proper and due deliberation that each of Vastned Retail Belgium and Intervest Offices & Warehouses will be provided with its own full management during the third quarter of 2016.

The current ceo, Jean-Paul Sols and the cfo, Inge Tas, will terminate their cooperation with Vastned Retail Belgium and be at the full disposal of Intervest Offices & Warehouses.

Rudi Taelmans and Taco de Groot will jointly hold the office of ceo in the new structure of Vastned Retail Belgium. Rudi Taelmans is currently coo of Vastned Retail Belgium and member of the management committee. Taco de Groot is currently ceo of Vastned Retail and a member of the board of directors of Vastned Retail Belgium.

Reinier Walta, cfo of Vastned Retail and a member of the board of directors of Vastned Retail Belgium, will hold the office of cfo of Vastned Retail Belgium.

In addition, Vastned Retail Belgium will appoint a financial manager who will assist the new cfo, Reinier Walta, in his day-to-day work.

The asset managers, who are already full-time employees at Vastned Retail Belgium, will also continue to be employed in the new Vastned Retail Belgium structure. The aim is to change the structure cost-neutral.

These changes are subject to the approval of the FSMA.

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

For more information, please contact:

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Financial Statements

Consolidated income statement

in thousands €	31.03.2016	31.03.2015
Rental income	4.486	4.944
Rental-related expenses	-33	-26
NET RENTAL INCOME	4.453	4.918
Recovery of rental charges and taxes normally payable by tenants on let properties	1.190	1.348
Rental charges and taxes normally payable by tenants on let properties	-1.190	-1.348
Other rental-related income and expenses	3	1
PROPERTY RESULT	4.456	4.919
Technical costs	-115	-110
Commercial costs	-64	-45
Charges and taxes on unlet properties	-66	-21
Property management costs	-272	-319
Other property charges	-8	25
Property charges	-525	-470
OPERATING PROPERTY RESULT	3.931	4.449
General costs	-312	-322
Other operating income and costs	4	17
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	3.623	4.144
Result on disposals of investment properties	0	-7
Changes in fair value of investment properties	898	4.072
Other result on portfolio	4	-100
OPERATING RESULT	4.525	8.109
Financial income	1	2
Net interest costs	-746	-820
Other financial charges	-2	-3
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-303	91
Financial result	-1.047	-730
RESULT BEFORE TAXES	3.478	7.379
Taxes	-14	-72
NET RESULT	3.461	7.307

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NET RESULT	3.461	7.307
Note:		
Operating distributable result	2.853	3.234
Result on portfolio	902	3.965
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-294	108
Attributable to:		
Shareholders of the parent company	3.461	7.306
Minority interests	0	1

Consolidated statement of comprehensive income

in thousands €	31.03.2016	31.03.2015
NET RESULT	3.461	7.307
Other components of comprehensive income (recyclable through income statement)		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	-4
COMPREHENSIVE INCOME	3.461	7.303
Attributable to:		
Shareholders of the parent company	3.461	7.302
Minority interests	0	1

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Consolidated balance sheet

ASSETS in thousands €	31.03.2016	31.12.2015
Non-current assets	348.295	347.196
Intangible assets	0	1
Investment properties	347.785	346.674
Other tangible assets	508	519
Trade receivables and other non-current assets	2	2
Current assets	2.995	1.082
Trade receivables	109	151
Tax receivables and other current assets	106	106
Cash and cash equivalents	645	272
Deferred charges and accrued income	2.135	553
TOTAL ASSETS	351.290	348.278

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.03.2016	31.12.2015
Shareholders' equity	247.956	244.495
Shareholders' equity attributable to shareholders of the parent company	247.956	244.495
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	127.797	127.797
Net result of the financial year	15.302	15.302
Net profit for the financial year - first quarter of 2016	3.461	0
Minority interests	0	0
Liabilities	103.334	103.783
Non-current liabilities	68.907	69.775
Non-current financial debts	64.000	65.200
<i>Credit institutions</i>	64.000	65.200
Other non-current financial liabilities	4.453	4.149
Other non-current liabilities	117	131
Deferred tax - liabilities	337	295
Current liabilities	34.427	34.008
Provisions	278	278
Current financial debts	29.600	30.280
<i>Credit institutions</i>	29.600	30.280
Trade debts and other current debts	2.104	2.038
Other current liabilities	649	630
Deferred charges and accrued income	1.796	782
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	351.290	348.278