

## Interim statement by the Board of Directors as at 30 September 2016 for the third quarter of financial year 2016

- Firm establishment in the premium city high street shops segment remains the objective.
- As at 30 September 2016, 59% of the real estate portfolio consisted of premium city high street shops, 16% of high street shops and 25% of non-high street shops (retail parks and retail warehouse).
- Occupancy rate as at 30 September 2016: 98% (98% as at 31 December 2015).
- Increase in the fair value of the existing real estate portfolio by € 2 million in the first nine months of 2016.
- The divestment in 2015 of 14 non-strategic retail properties results only in a slight decrease of the operating distributable result in the first nine months of 2016 to € 1,85 per share (€ 1,86 for the first nine months of 2015).
- Limited debt ratio of 29% as at 30 September 2016.
- Expected gross dividend for 2016 between € 2,44 and € 2,49 per share.
- Registered office and operational activities are relocating to Generaal Lemanstraat 74, Antwerp.

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## 1. Operational activities in the third quarter of 2016

### Composition and evolution of the real estate portfolio as at 30 September 2016

As at 30 September 2016, 59% of the real estate portfolio of Vastned Retail Belgium consisted of premium city high street shops, i.e. prime retail properties located on the best shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges (58% as at 31 December 2015). 16% of the portfolio consists of high street shops

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

### Real Estate Portfolio

REAL ESTATE PORTFOLIO	30.09.2016	31.12.2015	30.09.2015
Fair value of investment properties (€ 000)	348.965	346.674	371.313
Investment value of investment properties (€ 000)	357.690	355.341	380.596
Total leasable space (m <sup>2</sup> )	90.111	90.220	110.243

As at 30 September 2016, the **fair value of the investment properties** of Vastned Retail Belgium was € 349 million (€ 347 million as at 31 December 2015). The increase of € 2 million during the first nine months of 2016 primarily follows the increase in the fair value of the existing real estate portfolio. The fair value of premium city high street shops increased by 3,2%, among other

things as a result of stronger yields in the larger cities, and that of non-high street shops by 1,2%. In contrast, the fair value of the high street shops saw a decrease of 8,6%, which can mainly be explained by the sale of a non-strategic retail property in Turnhout. Like-for-like this means a decrease of 0,1% in the fair value of the high street shops.

### Redevelopment of a premium city high street shop on Zonnestraat in Ghent



Ghent, Zonnestraat 6-8

The activities of phase 1 in the context of the prominent redevelopment and thorough restoration of a premium city high street shop of 3.000 m<sup>2</sup> on Zonnestraat in Ghent were completed and the retail property was delivered on 1 August 2016 to its new lessee, AS Adventure. The opening of the multi-brand outdoor shop took place on 21 October 2016.

In a second phase, the adjoining retail property will be pulled down and rebuilt. The building permit was received at the start of October 2016, enabling the activities to start during the course of the fourth quarter of 2016. Delivery to the new lessee, AS Adventure, for the concept YAYA, is planned on or around 15 July 2017.

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## Divestments

Vastned Retail Belgium sold a non-strategic retail property located in Turnhout for an amount of € 5,1 million in the third quarter of 2016. The building has a total retail surface area of 1.269 m<sup>2</sup> and is leased to Hennes & Mauritz. This divestment is entirely in keeping with the strategy of the real estate company to focus on premium

city high street shops. Turnhout is a secondary shopping city where rents are under pressure as a result of decreasing numbers of visitors and the increase in internet sales. For these reasons, the real estate company considered it opportune to divest the retail property.

## Occupancy rate

OCCUPANCY RATE <sup>1</sup> (in %) (excluding buildings undergoing renovation)	30.09.2016	31.12.2015
Occupancy rate premium city high street shops	99%	100%
Occupancy rate high street shops	98%	98%
Occupancy rate non-high street shops	97%	96%
<b>Occupancy rate of the real estate portfolio</b>	<b>98%</b>	<b>98%</b>

The **occupancy rate** for the real estate portfolio amounted to 98% as at 30 September 2016, remaining unchanged compared to 31 December 2015. The occupancy rate for the premium city high street shops decreased to 99% compared to 100% as at the close of 2015. This is due to the bankruptcy of the lessee of one of the shops

in Brussels, on the Elsenesteenweg in the basement (652 m<sup>2</sup>). The occupancy rate of the high street shops (98%) remained stable and that of non-high street shops (97%) increased compared to 31 December 2015 due to rentals.



Turnhout, Gasthuisstraat 5-7



Ghent, Veldstraat 23-27

## New location of registered office and organisational structure

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

As of 1 August 2016 the **new structure** of Vastned Retail Belgium has come into effect. In this new structure, Rudi Taelmans and Taco de Groot are jointly holding the office of ceo, Reinier Walta is holding the office of cfo.

<sup>1</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.

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## 2. Financial results for the first three quarters of 2016<sup>2</sup>

The **rental income** of Vastned Retail Belgium in the first nine months of 2016 amounted to € 13,8 million (€ 14,8 million). The € 1 million decrease is mainly attributable to the divestment in 2015 of 14 non-strategic retail properties (i.e. retail warehouses and high street shops at secondary locations), which account for approximately 11% of the real estate portfolio, on the one hand, compensated, on the other hand, by the acquisition of four premium city high street shops in Antwerp over the course of financial year 2015, the indexation of existing lease agreements and lease renewals carried out.

The **real estate costs** amounted to € 1,3 million (€ 1,5 million) and decreased by € 0,2 million due to more limited staffing for managing the real estate company, on the one hand, and a decrease in technical costs due to the divestment of 14 non-strategic retail properties in 2015, on the other hand. The general costs amounted to € 0,9 million (€ 0,9 million) and remained stable compared to the same period last year.

The **changes in the fair value of the investment properties** are positive in the first nine months and amount to € 5,3 million (€ 3,8 million). The increase in the fair value of the investment properties is mainly attributable to the stronger yields for the premium city high street shops in the larger cities.

The **financial result** (excl. changes in fair value - IAS 39) amounted to € 2,2 million for the first nine months of 2016 (€ 2,7 million), which constitutes a € 0,5 million decrease compared to the same period in 2015, primarily due to a decreased use of credit as a result of the divestment of 14 non-strategic retail properties in 2015.

The **average interest rate for financing** amounts to 3,0%, including bank margins for the first nine months of 2016 (3,2%).

The **changes in the fair value of financial assets and liabilities** (ineffective hedges - IAS 39) in the first nine months of 2016 include the decrease of the negative market value of the interest rate swaps which, in line with IAS 39 - Financial instruments: Recognition and Measurement, cannot be classified as cash flow hedging instruments, in the amount of € 0,2 million (€ 0,1 million).

The **net result** of Vastned Retail Belgium for the first nine months of 2016 amounts to € 15,0 million (€ 13,1 million) and can be divided into:

- the operating distributable result of € 9,4 million (€ 9,4 million), which is in line with that for the first nine months of 2015;
- the result on the portfolio of € 5,4 million (€ 3,5 million) or an increase of € 1,9 million, which can mainly be explained by stronger yields for the retail properties in the larger cities;
- changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements for an amount of € 0,2 million (€ 0,2 million).

The **operating distributable result per share** therefore amounts to € 1,85 for the first nine months of 2016, or a decrease of 1 eurocent to the same period last year (€ 1,86 per share).

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KEY FIGURES PER SHARE	30.09.2016	31.12.2015	30.09.2015
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (9 months/1 year/9 months) (€)	2,95	3,01	2,58
Operating distributable result (9 months/1 year/9 months) (€)	1,85	2,51	1,86
Net value (fair value) (€)	48,58	48,14	47,71
Net value (investment value) (€)	50,26	49,90	49,46
Net asset value EPRA (€)	49,36	49,02	48,54
Share price on closing date (€)	56,96	55,97	57,00
Premium with regard to fair net value (%)	17%	16%	20%

As at 30 September 2016, the **net value (fair value)** of the share was € 48,58 (€ 48,14 as at 31 December 2015). As the share price of Vastned Retail Belgium was € 56,96 on 30 September 2016, the share was quoted on 30 September 2016 at a premium of 17% compared to the net value (fair value).

The **debt ratio** of the company amounted to 29% as at 30 September 2016 and has thus increased by 1% in the first nine months of 2016 (28% as at 31 December 2015).

As at 30 September 2016, 53% of the **credit lines** were long-term financing, with an average remaining term of 3 years. 47% of the credit lines are short-term financing, 29% of which consists of financing with an unlimited

duration and 18% of which derives from a credit line that will expire during the second quarter of 2017 (€ 20 million). As a consequence, the company does not need to carry out any more refinancing of its credit facilities in financial year 2016.

As at 30 September 2016, 89% of the withdrawn credit facilities have a fixed interest rate, or the rate was fixed by means of interest rate swaps. The interest rates on the credit facilities of the company are fixed for a remaining duration of 2,7 years. As at 30 September 2016 Vastned Retail Belgium has € 11,5 million of available non-withdrawn credit lines at its financial institutions to cover the fluctuations of cash needs and for financing future investments.

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## 3. Outlook for 2016

Vastned Retail Belgium intends to pursue its 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. During the past 3 years the quality of the real estate portfolio has been increased by divesting non-high street shops (retail

warehouse properties) and high street shops at secondary locations, resulting in a lower risk profile. The short-term consequence of this is that the 2016 operating distributable result will be slightly lower than in 2015.

Except for unexpected changes, such as large-scale bankruptcies of tenants or unforeseen increases in interest rates, Vastned Retail Belgium estimates that it will be able to offer its shareholders a **gross dividend** per share of between € 2,44 and € 2,49 for the 2016 financial year (compared to € 2,51 for the 2015 financial year). This represents a gross dividend yield of approximately 4,3%, based on the closing share price as at 30 September 2016 (€ 56,96).

**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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## Annexes

### Consolidated income statement (9 months)

in thousands €	30.09.2016	30.09.2015
Rental income	13.789	14.753
Rental-related expenses	-66	-132
<b>NET RENTAL INCOME</b>	<b>13.723</b>	<b>14.621</b>
Other rental-related income and expenses	38	38
<b>PROPERTY RESULT</b>	<b>13.761</b>	<b>14.659</b>
Technical costs	-314	-386
Commercial costs	-137	-104
Charges and taxes on unlet properties	-60	-57
Property management costs	-768	-916
Other property charges	-8	10
<b>Property charges</b>	<b>-1.287</b>	<b>-1.453</b>
<b>OPERATING PROPERTY RESULT</b>	<b>12.474</b>	<b>13.206</b>
General expenses	-891	-868
Other operating income and expenses	33	70
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>11.616</b>	<b>12.408</b>
Result on disposal of investment properties	8	149
Changes in fair value of investment properties	5.353	3.785
Other result on portfolio	32	-440
<b>OPERATING RESULT</b>	<b>17.009</b>	<b>15.902</b>
Financial income	6	5
Net interest charges	-2.211	-2.729
Other financial charges	-3	-9
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	197	133
<b>Financial result</b>	<b>-2.011</b>	<b>-2.600</b>
<b>RESULT BEFORE TAXES</b>	<b>14.998</b>	<b>13.302</b>
<b>Taxes</b>	<b>-33</b>	<b>-208</b>
<b>NET RESULT</b>	<b>14.965</b>	<b>13.094</b>

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in thousands €	30.09.2016	30.09.2015
<b>Note:</b>		
Operating distributable result	9.408	9.428
Result on portfolio	5.394	3.494
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	163	172
<b>Attributable to:</b>		
Shareholders of the parent company	14.965	13.094
Non-controlling interests	0	0

RESULT PER SHARE	30.09.2016	30.09.2015
Number of share entitled to dividend	5.078.525	5.078.525
Net result (€)	2,95	2,58
Diluted net result (€)	2,95	2,58
Operating distributable result (€)	1,85	1,86

### Consolidated statement of comprehensive income (9 months)

in thousands €	30.09.2016	30.09.2015
<b>NET RESULT</b>	<b>14.965</b>	<b>13.094</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	207
<b>COMPREHENSIVE INCOME</b>	<b>14.965</b>	<b>13.301</b>
<b>Attributable to:</b>		
Shareholders of the parent company	14.965	13.301
Non-controlling interests	0	0



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## Consolidated balance sheet

ASSETS in thousands €	30.09.2016	31.12.2015
<b>VASTE ACTIVA</b>	<b>349.519</b>	<b>347.196</b>
Intangible assets	0	1
Investment properties	348.965	346.674
Other tangible assets	551	519
Trade receivables and other non-current assets	3	2
<b>CURRENT ASSETS</b>	<b>8.078</b>	<b>1.082</b>
Trade receivables	208	151
Tax receivables and other current assets	4.749	106
Cash and cash equivalents	1.472	272
Deferred charges and accrued income	1.649	553
<b>TOTAL ASSETS</b>	<b>357.597</b>	<b>348.278</b>

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.09.2016	31.12.2015
<b>SHAREHOLDERS' EQUITY</b>	<b>246.713</b>	<b>244.495</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>246.713</b>	<b>244.495</b>
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	130.352	127.797
Net result of the financial year	14.965	15.302
<b>Non-controlling interests</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>	<b>110.884</b>	<b>103.783</b>
<b>Non-current liabilities</b>	<b>64.086</b>	<b>69.775</b>
Non-current financial debts	60.000	65.200
<i>Credit institutions</i>	60.000	65.200
Other non-current financial liabilities	3.952	4.149
Other non-current liabilities	94	131
Deferred tax - liabilities	40	295
<b>Current liabilities</b>	<b>46.798</b>	<b>34.008</b>
Provisions	278	278
Current financial debts	40.850	30.280
<i>Credit institutions</i>	40.850	30.280
Trade debts and other current debts	3.281	2.038
Other current liabilities	610	630
Deferred income and accrued charges	1.779	782
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>357.597</b>	<b>348.278</b>