

Interim statement by the Board of Directors on the first quarter of 2017

- Firm establishment in the premium city high street shops' segment remains the objective.
- As at 31 March 2017, 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 31 March 2017: 98% (98% as at 31 December 2016).
- The fair value of the existing real estate portfolio was stable¹ in the first quarter of 2017.
- EPRA earnings rose by 3% to € 0,58 per share in the first quarter of 2017.
- Limited debt ratio of 26% as at 31 March 2017.

¹ With unchanged composition of the real estate portfolio compared with 31 December 2016.

1. Operational activities in the first quarter of 2017

Leases

In the first quarter of 2017, Vastned Retail Belgium realised 7 rental transactions representing approximately 6% of the total annual rental income.

- Three rental transactions were concluded with new tenants for a total annual rental volume of € 0,2 million. The new rent for these lease agreements is 2,6% (or € 7.000 on an annual basis) lower than the rent for the previous lease agreements.
- Four lease agreements were renewed for an annual rental volume of approximately € 0,9 million. As a result, the new rent for these lease agreements is 4,0% (or € 36.000 on an annual basis) lower than the rent being charged in the current lease agreements. The decline in rent is mainly attributable to the segment of the high street shops.



Antwerp - Korte Gasthuisstraat - Terre Bleue

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

The second phase, dealing with prominent redevelopment and thorough restoration of a premium city high street shop in the historic city centre of Ghent, has been launched at the end of March 2017. In this second phase, the existing retail property at Zonnestraat 10 in Ghent will be demolished and 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



Ghent - Zonnestraat - AS Adventure

Occupancy rate²

OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION)	31.03.2017	31.12.2016
Occupancy rate premium city high street shops	99%	99%
Occupancy rate high street shops	99%	98%
Occupancy rate non-high street shops	97%	97%
Occupancy rate of the real estate portfolio	98%	98%

The occupancy rate for the real estate portfolio amounted to 98% as at 31 March 2017, remaining unchanged compared to 31 December 2016. The occupancy rate of the premium city high street shops and the non-high street shops remained

stable at 99% and 97%, respectively. Leases led to an increase in the occupancy rate of the high street shops (99%) compared to 31 December 2016.

Evolution of fair value

REAL ESTATE PORTFOLIO	31.03.2017	31.12.2016
Fair value of investment properties (€ 000)	350.675	350.719
Total leasable space (m ²)	90.238	90.255

As at 31 March 2017 the fair value of the real estate portfolio of Vastned Retail Belgium amounted to € 351 million, remaining stable compared to the close of the previous financial year on 31 December 2016 (€ 351 million).

As at 31 March 2017, the total leasable space is 90.238 m².

Composition of the real estate portfolio

No changes were made during the first quarter of 2017 to the composition of the real estate portfolio compared to 31 December 2016. As at 31 March 2017, 59% of the Vastned Retail Belgium real estate portfolio 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. 16% of the portfolio consists of high street shops, i.e. city centre shops outside the premium cities. The non-high street shops, i.e. retail parks and retail warehouses, make up 25% of the real estate portfolio.

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.

2. Financial results for the first quarter of 2017

Consolidated income statement

IN THOUSANDS €	31.03.2017	31.03.2016
Rental income	4.733	4.486
Rental-related expenses	-33	-33
Property management costs and income	3	3
Property result	4.703	4.456
Property charges	-610	-525
General costs and other operating income and costs	-394	-308
Operating result before result on portfolio	3.699	3.623
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-228	898
Other result on portfolio	-101	4
Operating result	3.370	4.525
Financial result (excl. changes in fair value - IAS 39)	-721	-747
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	507	-303
Taxes	-13	-14
Net result	3.143	3.461
Note:		
EPRA result	2.951	2.853
Result on portfolio	-329	902
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	521	-294
INFORMATION PER SHARE	31.03.2017	31.03.2016
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	0,62	0,68
EPRA result (€)	0,58	0,56

Analysis of the results³

The rental income of Vastned Retail Belgium in the first quarter of 2017 amounted to € 4,7 million (€ 4,5 million). The increase of € 0,2 million is mainly due to new leases that were concluded over the course of the 2016 financial year, as well as indexations of existing lease agreements and lease renewals realised.

The real estate costs amounted to € 0,6 million (€ 0,5 million) and increased by € 0,1 million, primarily due to an increase in the commercial costs, among others including those related to commissions, lawyers' fees and other consultancy fees. The general costs amounted to € 0,4 million (€ 0,3 million) and have therefore increased by € 0,1 million compared with the same period last year. The main reason for this increase is the full recognition as cost of the stock exchange tax in the first quarter of 2017 (in accordance with IFRIC 21 guidelines) compensated by lower personnel costs.

The changes in the fair value of the investment properties are negative in the first quarter of 2017 and amounted to € -0,2 million (€ 0,9 million). The decrease in fair value of the investment properties is mainly situated in the high street shops.

The financial result (excl. changes in fair value - IAS 39) amounted to € -0,7 million as at 31 March 2017, and has thus remained stable with respect to the same period last year (€ -0,7 million).

The average interest rate for financing amounted to 3,2%, including bank margins for the first quarter of 2017 (3,2%).

The changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first quarter of 2017 included the decrease in 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 € 0,5 million (€ -0,3 million).

The net result of Vastned Retail Belgium for the first quarter of 2017 amounted to € 3,1 million (€ 3,5 million) and may be divided into:

- EPRA earnings of € 3,0 million (€ 2,9 million), or an increase of approximately 3,4%;
- results on the portfolio of € -0,3 million (€ 0,9 million);
- changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements in the amount of € 0,5 million (€ -0,3 million).

The EPRA earnings per share are therefore € 0,58 for the first quarter of 2017 or an increase of 2 euro cents compared to the same period of the previous year (€ 0,56 per share).

KEY FIGURES PER SHARE	31.03.2017	31.12.2016
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	50,29	49,68
Net value (investment value) (€)	52,03	51,36
Net asset value EPRA (€)	50,85	50,33
Share price on closing date (€)	50,88	53,85
Premium with regard to fair net value (%)	1%	8%

As at 31 March 2017, the net value (fair value) is € 50,29 per share (€ 49,68 as at 31 December 2016). As the share price of Vastned Retail Belgium amounted to € 50,88 on 31 March 2017, the share was listed as at 31 March 2017 with a premium of 1% compared to this net value (fair value).

The debt ratio of the company has decreased by 1% in the first quarter of 2017 and amounted to 26% as at 31 March 2017 (27% as at 31 December 2016).

³ Comparative figures for the first quarter of 2016 are between brackets.

3. General Meeting and dividend distribution

The General Meeting of Shareholders of 26 April 2017 approved the statutory and consolidated annual accounts of Vastned Retail Belgium closed on 31 December 2016, including the profit appropriation. A gross dividend of € 2,45 per share is being distributed for the 2016 financial year. After deducting an amount of 30% for withholding tax, the net dividend for the 2016 financial year amounts to € 1,7150 per share. The dividend is payable as from 8 May 2017 based on the shareholding on 4 May 2017.

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.

4. Prospects

Vastned Retail Belgium intends to pursue this strategy further in 2017 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 property 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, meaning the stand-alone retail warehouses.

With regard to future rent increases, stemming primarily from lease renewals negotiated in 2017, Vastned Retail Belgium is moderately optimistic. Prime locations should be able to ensure rent increases, but for other locations we might have to be content with current rent levels.

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



Brussels - Nieuwstraat - Proximus

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.

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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.

Financial statements

1. Consolidated income statement

IN THOUSANDS €	31.03.2017	31.03.2016
Rental income	4.733	4.486
Rental-related expenses	-33	-33
NET RENTAL INCOME	4.700	4.453
Recovery of rental charges and taxes normally payable by tenants on let properties	1.065	1.190
Rental charges and taxes normally payable by tenants on let properties	-1.065	-1.190
Other rental-related income and expenses	3	3
PROPERTY RESULT	4.703	4.456
Technical costs	-117	-115
Commercial costs	-112	-64
Charges and taxes on unlet properties	-46	-66
Property management costs	-311	-272
Other property charges	-24	-8
Property charges	-610	-525
OPERATING PROPERTY RESULT	4.093	3.931
General expenses	-399	-312
Other operating income and expenses	5	4
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	3.699	3.623
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-228	898
Other result on portfolio	-101	4
OPERATING RESULT	3.370	4.525
Financial income	4	1
Net interest charges	-723	-746
Other financial charges	-2	-2
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	507	-303
Financial result	-214	-1.050
RESULT BEFORE TAXES	3.156	3.475
Taxes	-13	-14
NET RESULT	3.143	3.461

IN THOUSANDS €	31.03.2017	31.03.2016
Note:		
EPRA result	2.951	2.853
Result on portfolio	-329	902
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	521	-294
Attributable to:		
Shareholders of the parent company	3.143	3.461
Non-controlling interests	0	0

2. Consolidated statement of comprehensive income

IN THOUSANDS €	31.03.2017	31.03.2016
NET RESULT	3.143	3.461
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	0
COMPREHENSIVE INCOME	3.143	3.461
Attributable to:		
Shareholders of the parent company	3.143	3.461
Non-controlling interests	0	0

3. Consolidated balance sheet

ASSETS IN THOUSANDS €	31.03.2017	31.12.2016
Non-current assets	351.312	351.329
Intangible assets	7	1
Investment properties	350.675	350.719
Other tangible assets	627	606
Trade receivables and other non-current assets	3	3
Current assets	2.699	1.583
Trade receivables	81	381
Tax receivables and other current assets	106	110
Cash and cash equivalents	573	320
Deferred charges and accrued income	1.939	772
TOTAL ASSETS	354.011	352.912
SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €	31.03.2017	31.12.2016
Shareholders' equity	255.424	252.281
Shareholders' equity attributable to the shareholders of the parent company	255.424	252.281
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	130.352	130.352
Net result of the financial year	20.533	20.533
Net result of the financial year - first quarter of 2017	3.143	0
Non-controlling interests	0	0
Liabilities	98.587	100.631
Non-current liabilities	47.858	63.304
Non-current financial debts	45.000	60.000
<i>Credit institutions</i>	45.000	60.000
Other non-current financial liabilities	2.674	3.154
Other non-current liabilities	138	109
Deferred tax - liabilities	46	41
Current liabilities	50.729	37.327
Provisions	269	269
Current financial debts	45.400	32.900
<i>Credit institutions</i>	45.400	32.900
Other current financial liabilities	79	106
Trade debts and other current debts	2.510	2.725
Other current liabilities	649	628
Deferred income and accrued charges	1.822	699
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	354.011	352.912



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