

Interim statement from the Board of Directors for the period 01.01.2022 to 30.09.2022

- Vastned Belgium achieves a positive net result of € 11.9 million.
- Increase of the expected EPRA earnings per share for 2022 to € 2.55 - € 2.60 (from € 2.45 - € 2.55) despite the uncertain outlook.
- High occupancy rate of 99.0% underlines the quality of the real estate portfolio.
- Highly stable collection rate (99.6%) of rental income during the first nine months of 2022.
- Slight decrease (€ -1.0 million or -0.3%) in the value of the existing real estate portfolio¹ compared to the previous financial year.
- € 40.8 million in unused credit facilities available.
- Low debt ratio of 27.2% provides sufficient protection for shareholders in the current, volatile, economic environment.
- Sven Bosman's appointment as Operational Managing Director made permanent.

¹) Excluding IFRS 16 right-of-use assets.

1. Operational activities during the first nine months of 2022

1.1. Economic developments

In September 2022, inflation in Belgium rose to a record high of 11.27%, the highest level since August 1975. The inflation is mainly caused by rising energy prices, but also by rising costs for food, clothing, bar and restaurant visits. Retailers try to pass on this inflation to consumers. The impact of rising prices on consumer spending will become clearer in the coming months.

The European Central Bank (hereafter referred to as the 'ECB') is trying to slow down this high inflation by raising interest rates. In June 2022, the ECB raised the interest rate by 50 basis points for the first time in eleven years. In September 2022, the ECB even proceeded with the largest interest rate hike ever of 75 basis points. These interest rate hikes are currently insufficient to combat inflation, so we expect several more interest rate hikes to take place in the coming months.

These interest rate hikes have had a significant impact on the shares of real estate companies. Due to the strong correlation between the market price of real estate shares and the long-term interest rate, listed real estate players have lost approximately € 13.0 billion in market value so far in 2022 ². As a result, the average discount on the net asset value of these real estate shares has risen to 22%. The interest rate hikes are also making the bond market more attractive to investors and provide an alternative to investing in RREC's.

Vastned Belgium has also been affected by the negative sentiment around RREC shares. However, the impact remains fairly limited as the Company continues to operate on a solid basis due to a stable and low debt ratio. In addition, the existing rental agreements will be indexed, in accordance with the contracts, which will increase the operating distributable result.

In addition, the COVID-19 pandemic was brought under control in the course of 2022. The COVID-19 pandemic did not affect Vastned Belgium's rental income over the first nine months of 2022, in contrast to the comparable period last year. In the first nine months of 2021, Vastned Belgium had made an arrangement with the tenants of hospitality units for the period of mandatory closure. This arrangement corresponded to approximately 50% of the rental income for the affected period, which had an impact of € 0.2 million on the 2021 rental income collected.

Management continues to monitor closely the impact of these economic developments on the Company and in the coming months it will increase its focus on the timely collection of rental income. As a result of such focus, a 99.6% ³ collection rate was achieved for the first nine months of 2022.

²) Belgisch vastgoed speelt 13 miljard beurswaarde kwijt - De Tijd - 29 september 2022.

³) Calculation as at 3 October 2022.

1.2. Rental activities

Vastned Belgium concluded five (5) rental agreements in the third quarter of 2022, representing a total rental volume of € 0.7 million. This corresponds to approximately 3.7% of Vastned Belgium's total rental income. In the current economic climate, which is heavily impacted by rising inflation figures and economic uncertainty, the conclusion of these rental agreements is the result of the good work of a committed asset management department.

In total, two (2) lease agreements were concluded with new tenants, two (2) rental agreement were renewed with an existing tenant and one (1) pop-up agreement was concluded. The rental prices negotiated by Vastned Belgium are in line with the market rental figures determined by valuation experts.

During the first nine months of 2022, Vastned Belgium concluded seventeen (17) rental agreements, representing a total rental volume of € 1.6 million. This corresponds to approximately 8.6% of Vastned Belgium's total rental income.

1.3. Evolution of the real estate portfolio

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

As at 30 September 2022, the fair value of the investment properties of Vastned Belgium amounted to € 313.5 million,

which is a slight decrease compared to the fair value of the previous financial year (€ 314.5 million as at 31 December 2021). The primary cause of this decrease is a rise in yields for a number of investment properties. In addition, there was a slight impairment in the value of the IFRS 16 right-of-use assets, for an amount of € -0.1 million, in the first nine months of 2022.

Real estate portfolio

	30.09.2022	31.12.2021
Fair value of investment properties (€ 000)	313,500	314,543
Total leasable space (m ²)	76,086	76,086

1.4. Occupancy rate⁴

Occupancy rate

	30.09.2022	31.12.2021
Occupancy rate of the real estate portfolio	99.0%	99.3%

The occupancy rate of the real estate portfolio amounted to 99.0% as at 30 September 2022, a decrease of -0.3% compared to 31 December 2021 (99.3%), but remains high. This minimal decrease is the result of the bankruptcy of a tenant in the first nine months of 2022 and was partly corrected by the conclusion of a new rental agreement in the Schuttershofstraat in Antwerp. This stable, high occupancy rate shows the quality of the real estate portfolio.

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

⁴) The occupancy rate is calculated as the ratio between the rental income, and the sum of this income and the estimated rental income of unlet rental premises.

2. Financial results for the first nine months of 2022

(in thousands €)	30.09.2022	30.09.2021
Rental income	12,942	12,475
Rental-related expenses	57	276
Other rental-related income and expenses	55	141
PROPERTY RESULT	13,054	12,892
Property charges	-1,192	-1,223
General costs	-913	-645
Other operating income and costs	22	28
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	10,971	11,052
Result on disposal of investment properties	0	362
Changes in fair value of investment properties	-1,124	-9,017
Other result on portfolio ⁵	127	139
OPERATING RESULT	9,974	2,536
Financial result (excl. changes in financial instruments)	-1,178	-1,198
Changes in fair value of financial instruments	3,113	484
Taxes ⁵	-59	-68
NET RESULT	11,850	1,754
Note:		
• EPRA earnings	9,796	9,838
• Result on portfolio	-997	-8,516
• Changes in fair value of financial instruments	3,113	484
• Taxes: deferred taxes ⁵	-45	-43
• Non-distributable result subsidiaries	-17	-9

⁵) Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the third quarter of 2021 have been adjusted.

Analysis of the results⁶

The **rental income** of Vastned Belgium amounted to € 13.0 million for the first nine months of 2022, an increase of € 0.5 million compared to the same period of the previous financial year (€ 12.5 million). The increase in rental income is the result of various effects that have neutralised one another. On the one hand, rental income increased due to a higher occupancy rate, COVID-19 rental waivers were no longer granted and the indexation of existing rental agreements. On the other hand, rental income decreased due to the sale of three (3) non-strategic retail properties in the course of 2021, and non-recurring rental income (termination fees) received in the first nine months of the previous financial year.

In the first nine months of 2022, Vastned Belgium had a higher occupancy rate compared to the same period in the previous financial year, which resulted in an increase in rental income of € 0.2 million. Furthermore, in contrast to the same period of the previous financial year, no COVID-19 rental waivers were granted in the first nine months of 2022, causing the rental income to further increase by € 0.2 million. In addition, rental income increases as a result of the indexation of existing rental agreements.

Due to the sale of three (3) non-strategic retail properties (Boechout, Grivegnée and Leopoldsburg) rental income in the first nine months of 2022 decreased by € -0.2 million compared to the same period last year. Furthermore, rental income fell by € -0.1 million as a result of non-recurring payments received in the previous financial year due to the early termination of rental agreements. Finally, the IFRS spread of rental discounts and other incentives (up until the first option of termination) accounted for a further reduction in rental income by € -0.1 million.

Rental-related expenses relate to the reversal of the provision for potential losses on outstanding trade receivables. Compared to the equivalent period last year, rental-related expenses decreased by € -0.2 million. This decrease is a result of the reversal, in the first nine months of 2021, of rental waivers that were definitively granted for the second lockdown (at that time accounted for under rental income). In the first nine months of 2022, only a limited reversal of the expected credit losses was recognised in accordance with IFRS 9 '*Financial Instruments*'.

In the first nine months of the previous financial year, Vastned Belgium recognised a one-off income (€ 0.1 million) under the heading of **other rent-related income and expenses**. This income pertains to money received by Vastned Belgium from the conclusion of bankruptcies. The bankruptcies themselves date from before 2021.

Property charges amounted to € 1.2 million and were in line with the comparable period of the previous financial year. In 2022, a slight decrease in charges and taxes on unlet properties was observed compared to previous financial year, a result of the higher occupancy rate in the first nine months of 2022.

General costs and other operating income and costs amounted to € 0.9 million and increased by € 0.3 million compared to the same period of the previous financial year. This increase is the result of exceptional costs, connected with an intended transaction by the Dutch reference shareholder Vastned Retail N.V. If we disregard these exceptional costs, then general costs decreased by -6%.

In 2022, Vastned Belgium did not sell any investment properties, whereas in the first nine months of 2021 a capital gain (€ 0.4 million) was realised on the divestment of the retail warehouses in Boechout, Grivegnée and Leopoldsburg.

The fair value of Vastned Belgium's existing real estate portfolio decreased slightly in the first nine months of 2022 compared to the previous financial year. The **changes in fair value of investment properties** are negative for an amount of € -1.1 million (€ -9.0 million). The decrease is mainly, for € -1.0 million (€ -8.5 million), the result of a limited write-down of a number of properties under the influence of increased market yields. In addition, a slight impairment of the IFRS 16 right-of-use assets was recognised for an amount of € -0.1 million (€ -0.5 million). In the first nine months of 2021, there was a significant decrease in the fair value of investment properties, a consequence of a decrease in estimated market rents and an increase in the capitalisation rate.

The **financial result** (excl. changes in the fair value of financial instruments) amounted to € -1.2 million (€ -1.2 million) for the first nine months of 2022, which puts it completely in line with the same period last year. The average interest rate for financing amounts to 1.84%, including bank margins for 2022 (1.75%).

⁶) The comparable figures as at 30 September 2021 are parenthesised.

The **changes in the fair value of financial instruments** include a further decrease in the negative market value of the interest rate swaps that cannot be classified as cash flow hedging instruments in accordance with IFRS 9 'Financial Instruments'. This decrease amounts to € 3.1 million (€ 0.5 million) and is a result of rising interest rates on the financial markets. As a result, as of 30 September 2022, all IRS contracts are presented as a financial asset and no longer as a financial liability.

The **net result** of Vastned Belgium for the first nine months of 2022 amounts to € 11.9 million (€ 1.8 million) and may be divided into:

- the EPRA earnings of € 9.8 million, which is completely in line with the same period of the previous financial year (€ 9.8 million). However, the various components of the EPRA earnings did have a number of changes that offset each other:

- A change in the provision for doubtful debts (€ -0.2 million as a result of compensations for the lockdown in November 2020);
- An increase in net rental income of € 0.7 million as a result of a higher occupancy rate, the no longer granting of rent waivers and indexation of existing leases, partly offset by a decrease in one-off payments and the IFRS effect as a result of the spreading of rental discounts and other incentives;
- A decrease of € -0.2 million in net rental income due to the disposal of non-strategic retail properties;
- Exceptional costs, to the value of € 0.3 million, connected with an intended transaction by the Dutch reference shareholder.
- The result on the portfolio (incl. result on disposal of investment properties) of € -1.1 million (€ -9.0 million); and
- The changes in the fair value of financial instruments to an amount of € 3.1 million (€ 0.5 million).

Key figures per share

Key figures per share

	30.09.2022	31.12.2021	30.09.2021
Number of shares entitled to dividend	5,078,525	5,078,525	5,078,525
Net result (9 months/1 year/9 months) (€)	2.33	0.81	0.35
EPRA earnings (9 months/1 year/9 months) (€)	1.93	2.56	1.94
Net value (fair value) (€)	45.17	45.04	44.58
Net value (investment value) (€)	46.71	46.58	46.13
EPRA NRV (€)	46.38	46.86	46.48
EPRA NTA (€)	44.82	45.28	44.90
EPRA NDV (€)	45.17	45.04	44.58
Share price on closing date (€)	27.30	28.80	30.50
Premium (+)/Discount (-) with regard to fair net value (%)	-39.6%	-36.1%	-31.6%

The net value (fair value) of the share amounts to € 45.17 (€ 45.04) as at 30 September 2022. Given that the share price of Vastned Belgium (VASTB) amounted to € 27.30 on 30 September 2022, the share was listed on 30 September 2022 at a discount of -39.6% compared to the net value (fair value). At the end of the previous financial year, the shares were quoted at a discount of -36.1% compared to the net value (fair value).

Financial structure

As at 30 September 2022, Vastned Belgium has a stable financial structure that allows it to continue its operations in the last quarter of 2022. In the coming year, one credit line, worth € 15.0 million, will come to maturity. Accordingly, this credit line is presented as short-term financing. In addition, an IRS contract worth € 15.0 million will come to an end in the coming year. The market value of this IRS contract is presented under current financial assets..

The financial structure can be summarised as follows:

- Withdrawn financial debts: € 84.2 million.
- 92% of the credit facilities with financial institutions are long-term financing with a weighted average term of 1.7 years.
- Fixed interest rates are fixed for a remaining period of 1.6 years on average.
- Average interest rate for the first nine months of 2022: 1.84% including bank margins.
- Market value of the financial derivatives: € 1.9 million.

3. Corporate governance

On 24 October 2022, the Board of Directors confirmed Sven Bosman's appointment as Operational Managing Director to be permanent. Sven Bosman was appointed as Operational Managing Director ad interim on 2 May 2022. Together with Reinier Walta, Strategic Managing Director, Sven Bosman will be responsible for the daily management of Vastned Belgium.



4. Outlook for 2022

The third quarter of 2022 was characterised by uncertainty and volatility in the financial markets due to the interest rate hikes implemented by the European Central Bank to control inflation. Due to the strong correlation between the share price of RRECs and the long-term interest rates, RRECs were in the eye of the storm. The share prices of RRECs came under pressure and the average discount on the net asset value of the shares went up to 22%⁷. For Vastned Belgium, this discount amounts to 39.6% as of 30 September 2022.

Vastned Belgium is monitoring the fourth quarter of 2022 with caution, as it is still unclear what impact rising prices will have on consumer spending patterns.

A fall in consumer confidence has a direct impact on the profitability of the retailers, which in turn will slow down their growth. In addition, management continues to pay due attention to possible failures of retailers, as there is a good chance that not all retailers will be able to pass on rising costs.

Vastned Belgium increases the forecast of the expected EPRA earnings per share for the 2022 financial year to € 2.55 - € 2.60 (from € 2.45 - € 2.55). This increase is possible despite difficult market conditions and uncertainties in the economic environment. At the presentation of the annual results for the 2022 financial year, Vastned Belgium will announce the dividend to be distributed.

⁷⁾ Belgisch vastgoed speelt 13 miljard beurswaarde kwijt - De Tijd - 29 september 2022.

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

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Disclaimer: This press release contains prospective information, forecasts, views and estimates prepared by Vastned Belgium on the expected future performance of Vastned Belgium and of the markets in which it operates. Readers are advised 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 as well as to factors pertaining to taxation, competition and environment. Vastned Belgium cannot guarantee that the assumptions underlying the prospective information are free of misstatements. Only the Dutch version is the official version. The English version is a translation of the original Dutch version.

Condensed Consolidated interim financial statements

1. Consolidated Profit and Loss statement

(in thousands €)	30.09.2022	30.09.2021
Rental income	12,942	12,475
Rental-related expenses	57	276
NET RENTAL INCOME	12,999	12,751
Recovery of rental charges and taxes normally payable by tenants on let properties	1,131	1,123
Rental charges and taxes normally payable by tenants on let properties	-1,131	-1,123
Other rental-related income and expenses	55	141
PROPERTY RESULT	13,054	12,892
Technical costs	-204	-215
Commercial costs	-186	-198
Charges and taxes on unlet properties	-52	-103
Property management costs	-676	-678
Other property charges	-74	-29
Property charges	-1,192	-1,223
OPERATING PROPERTY RESULT	11,862	11,669
General expenses	-913	-645
Other operating income and expenses	22	28
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	10,971	11,052
Result on disposal of investment properties	0	362
Changes in fair value of investment properties	-1,124	-9,017
Other result on portfolio ⁸	127	139
OPERATING RESULT	9,974	-2,536
Financial income	0	8
Net interest charges	-1,176	-1,204
Other financial charges	-2	-2
Changes in fair value of financial instruments	3,113	484
Financial result	1,935	-714
RESULT BEFORE TAXES	11,909	1,822
Taxes⁸	-59	-68
NET RESULT	11,850	1,754

⁸) Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the third quarter of 2021 have been adjusted.

(in thousands €)	30.09.2022	30.09.2021
NET RESULT	11,850	1,754
Note:		
• EPRA earnings	9,796	9,838
• Result on portfolio	-997	-8,516
• Changes in fair value of financial instruments	3,113	484
• Taxes: deferred taxes ⁸	-45	-43
• Non-distributable result subsidiaries	-17	-9
Attributable to:		
Shareholders of the parent company	11,850	1,754
Minority interests	0	0

2. Balance sheet information per share

	30.09.2022	30.09.2021
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	2.33	0.35
Diluted net result (€)	2.33	0.35
EPRA earnings (€)	1.93	1.94

3. Condensed consolidated statement of comprehensive income

(in thousands €)	30.09.2022	30.09.2021
NET RESULT	11,850	1,754
Other components of comprehensive income (recyclable through income statement)	0	0
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
COMPREHENSIVE INCOME	11,850	1,754
Attributable to:		
• Shareholders of the parent company	11,850	1,754
• Minority interests	0	0

⁸) Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the third quarter of 2021 have been adjusted.

4. Condensed consolidated balance sheet

Assets (in thousands €)	30.09.2022	31.12.2021
Non-current assets	315,865	315,228
Intangible assets	102	137
Investment properties	313,500	314,543
Other tangible assets	498	545
Non-current financial assets	1,763	0
Trade receivables and other non-current assets	2	3
Current assets	3,722	2,518
Current financial assets	147	0
Trade receivables	2,208	1,914
Tax receivables and other current assets	0	0
Cash and cash equivalents	504	214
Deferred charges and accrued income	863	390
TOTAL ASSETS	319,587	317,746

Shareholders' equity and liabilities (in thousands €)	30.09.2022	31.12.2021
SHAREHOLDERS' EQUITY	229,391	228,714
Shareholders' equity attributable to the shareholders of the parent company	229,391	228,714
Share capital	97,213	97,213
Share premium	4,183	4,183
Reserves	116,145	123,226
Net result of the financial year	11,850	4,092
Minority interests	0	0
LIABILITIES	90,196	89,032
Non-current liabilities	66,511	84,516
Non-current financial debts	66,129	82,943
• Credit institutions	65,500	82,269
• Financial leasing	629	674
Other non-current financial liabilities	0	1,203
Other non-current liabilities	146	179
Deferred tax - liabilities	236	191
Current liabilities	26,685	4,516
Provisions	269	269
Current financial debts	18,834	169
• Credit institutions	18,700	0
• Financial leasing	134	169
Trade debts and other current debts	612	465
Other current liabilities	548	567
Deferred income and accrued charges	3,422	3,046
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	319,587	317,746