

Interim statement by the Board of Directors as at 30 September for the third quarter of financial year 2018

- Strategic focus on core city assets continues to be primary theme in activities.
- As at 30 September 2018, 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).
- Occupancy rate as at 30 September 2018: 98% (99% as at 31 December 2017).
- Decrease in the fair value of the existing real estate portfolio by € 3 million¹ in the first nine months of 2018, mainly as a result of a decrease in the estimated rental values.
- Increase of the EPRA result² in the first nine months of 2018 to € 2.12 per share (€ 1.78 for the first nine months of 2017), mainly as the result of the refinancing executed in 2017.
- Extension of the duration of the revolving credit facilities by 1 year to 2023 under the same conditions.
- Limited debt ratio of 28% as at 30 September 2018.
- Expected gross dividend for 2018 between € 2.75 and € 2.80 per share.

¹ With unchanged composition of the real estate portfolio compared with 31 December 2017.

² 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 2017 and also on the website www.vastned.be there is a separate Lexicon 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.

1. Operational activities in the third quarter of 2018

Composition and evolution of the real estate portfolio as at 30 September 2018

As at 30 September 2018, 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 Antwerp, Brussels, Ghent and Bruges (59% as at 31 December 2017). 41% of the portfolio consists of mixed

retail locations, i.e. inner-city shops outside the premium cities, retail parks and retail warehouses (41% as at 31 December 2017).

Investment properties

REAL ESTATE PORTFOLIO	30.09.2018	31.12.2017	30.09.2017
Fair value of investment properties (€ 000)	375.480	378.195	374.923
Investment value of investment properties (€ 000)	384.867	387.650	384.296
Total leasable space (m²)	89.730	89.877	89.594

As at 30 September 2018, the fair value of the investment properties of Vastned Retail Belgium amounted to € 375 million (€ 378 million as at 31 December 2017). The € 3 million decrease during the first nine months of 2018 primarily follows the decrease in the fair value of the existing real estate portfolio. The fair value of the core city assets decreased by

0.8% among others as a result of decreased estimated rental values and slightly higher yields in certain shopping streets of certain cities. The fair value of the mixed retail locations decreased also by 0.5% that is mainly attributable to a decrease in the estimated rental values in the secondary cities.

Redevelopment of a core city asset on Zonnestraat in Ghent

The prominent redevelopment and thorough restoration of a core city asset in the historic city centre of Ghent, which started at the end of March 2017, has been completed in the meantime. The existing retail property at Zonnestraat 10 in Ghent was demolished and rebuilt as an up-to-date retail premises with two apartments.

In the meantime, the commercial premises have been taken up by the women's clothing brand YAYA and opened on 9 March 2018. A lease promise for the residential apartments was signed at the beginning of October 2018 and they were provisionally delivered at the end of September 2018. Commencement of the lease is planned as from 1 November 2018.

Redevelopment of a core city asset on Veldstraat in Ghent

The property, located at Veldstraat 81 in the historic centre of Ghent, was thoroughly renovated after the last tenant left. This in-depth renovation involved among other things removing differences in level in the retail space and replacing the existing shopfront with a state-of-the-art shopfront offering a nice height. These works have significantly improved the property's appearance and visibility.

This redevelopment involved an investment amount of approximately € 0.3 million. Delivery took place in the second quarter of 2018. There are currently contacts with interested parties, but these have not yet resulted in a signed lease agreement.

Redevelopment of a mixed retail location on Borzestraat in Mechelen

In the building located at Bruul 40-42 in Mechelen, a retail unit has been created along Borzestraat by breaking out the existing interior walls and creating a new shopfront with a nice free height.

Delivery of this new retail unit took place in the second quarter of 2018. This redevelopment involved an investment amount of approximately € 0.1 million. A lease agreement was signed with Magma - a renewed restaurant formula - and that lease will start on 1 November 2018.



Antwerp - Leysstraat

Renovation of apartments at Leysstraat 28-30 and Leysstraat 17 in Antwerp

The renovation of five apartments located at Leysstraat 28-30 and Leysstraat 17 in the centre of Antwerp began in the first quarter of 2018. It is estimated that this redevelopment will involve an investment amount of approximately € 0.4 million. Four apartments have been completed in the meantime, one of which has already been let. Visits with interested tenants are currently taking place for the other apartments. In the meantime the last apartment is being renovated with delivery of that apartment expected in the first quarter of 2019.



Antwerp - Leysstraat

Occupancy rate³

OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION)	30.09.2018	31.12.2017
Occupancy rate core city assets	97%	100%
Occupancy rate mixed retail locations	98%	98%
Occupancy rate of the real estate portfolio	98%	99%

The occupancy rate for the real estate portfolio amounted to 98% as at 30 September 2018, which is a decrease of 1% compared to 31 December 2017. The occupancy rate for the core city assets decreased to 97% compared to 100% as at year-end 2017. This decrease can be explained by the vacant unit on Veldstraat in Ghent and the apartments in Antwerp,

all of which were recently renovated. Vastned Retail Belgium expects to be able to conclude rental agreements for these units in the short term. The occupancy rate of the mixed retail locations (98%) remained stable compared to 31 December 2017.

³ 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 three quarters of 2018

Consolidated income statement

IN THOUSANDS €	30.09.2018	30.09.2017
Rental income	14.486	14.223
Rental-related expenses	-102	-100
Property management costs and income	62	45
PROPERTY RESULT	14.446	14.168
Property charges	-1.280	-1.356
General costs and other operating income and costs	-1.020	-774
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	12.146	12.038
Result on disposal of investment properties	0	-21
Changes in fair value of investment properties	-3.954	17.852
Other result on portfolio	214	-312
OPERATING RESULT	8.406	29.557
Financial result (excl. changes in fair value - IAS 39)	-1.305	-2.741
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	206	1.408
Taxes	-46	-235
NET RESULT	7.261	27.989
Note:		
EPRA result	10.750	9.059
Result on portfolio	-3.739	17.520
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	250	1.410

Analysis of the results⁴

The rental income of Vastned Retail Belgium in the first nine months of 2018 amounted to € 14.5 million (€ 14.2 million). The € 0.3 million increase is mainly attributable to the acquisition of three core city assets in the centre of Antwerp in July 2017, to new lettings contracted in the course of 2017, lease renewals carried out and the indexation of existing lease agreements. Furthermore, a one-off indemnity payment was received from a tenant who left his premises before the contractual break.

The real estate costs amounted to € 1.3 million (€ 1.4 million) and decreased by € 0.1 million due to a decrease of the commercial expenses, among others including those related to commissions, lawyers' fees and other consultancy fees. The general expenses amounted to € 1.0 million (€ 0.8 million) and increased by € 0.2 million compared to the first nine months of previous year. This increase can be explained by some one-off consultancy costs in the context of the takeover bid that was issued by the majority shareholder as well as by an increase in the interim personnel costs to maintain continuity during the absence of 2 full-time employees.

The changes in the fair value of the investment properties are negative in the first nine months and amount to € -4.0 million (€ 17.9 million). The decrease in the fair value of the investment properties is mainly attributable to a decrease in the estimated rental values.

The financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounted to € -1.3 million for the first nine months of 2018 (€ -2.7 million), an increase by € 1.4 million compared to the same period in 2017, mainly due to a decrease in the average interest rates as a result of the refinancing implemented in 2017. The result as at 30 September 2017 also included the costs for settling two IRS-type interest rate hedging contracts for an amount of € 0.6 million. This cost was processed via the result on portfolio in the last quarter of 2017. Taking this into account, the financial result as at 30 September 2017 would have amounted to € -2.1 million. This means that the financial result has actually improved by € 0.8 million compared to the same period last year due to lower interest rates

The average interest rate for financing amounts to 1.7%, including bank margins for the first nine months of 2018 (3.8%). The average interest rate, excluding the one-off early termination fee and the cost of unwinding of the interest rate swaps as part of the refinancing of the loan portfolio, amounts to 2.7% in the first nine months of 2017 instead of 3.8%.

The changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first nine months of 2018 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 (€ 1.4 million).

The net result of Vastned Retail Belgium for the first nine months of 2018 amounts to € 7.3 million (€ 28.0 million) and can be divided into:

- the EPRA result of € 10.8 million (€ 9.1 million) or an increase of € 1.7 million which is mainly attributable to the increase in rental income and a decrease in interest expenses, as a result of the refinancing executed in 2017;
- the result on portfolio of € -3.8 million (€ 17.5 million);
- changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements for an amount of € 0.3 million (€ 1.4 million).

The EPRA result per share therefore amounts to € 2.12 for the first nine months of 2018, or an increase of 34 eurocent compared to the same period last year (€ 1.78 per share).

⁴ The figures between brackets are the comparable figures as at 30 September 2017.

Key figures per share

KEY FIGURES PER SHARE	30.09.2018	31.12.2017	30.09.2017
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (9 months/1 year/9 months) (€)	1,43	6,83	5,51
EPRA result (9 months/1 year/9 months) (€)	2,12	2,62	1,78
Net value (fair value) (€)	52,86	54,05	52,74
Net value (investment value) (€)	54,75	55,83	54,52
Net asset value EPRA (€)	53,30	54,52	53,15
Share price on closing date (€)	47,30	45,00	44,99
Premium (+)/Discount (-) with regard to fair net value (%)	-11%	-17%	-15%

As at 30 September 2018, the net value (fair value) of the share was € 52.86 (€ 54.05 as at 31 December 2017). As the share price of Vastned Retail Belgium was € 47.30 on 30 September 2018, the share was quoted on 30 September 2018 at a discount of 11% compared to the net value (fair value).

The debt ratio of the company amounted to 28% as at 30 September 2018 and has thus increased by 1% in the first nine months of 2018 (27% as at 31 December 2017).

During the third quarter of 2018, Vastned Retail Belgium was able to extend the duration of its revolving credit facilities by one year, at the same conditions as those entered into upon the refinancing in 2017.

As at 30 September 2018, 92% of the credit lines were long-term financing, with an average remaining term of 5.1 years. 8% of the credit lines are short-term financing, 100% of which consists of financing with an unlimited duration.

As at 30 September 2018, 78% 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 4.8 years. As at 30 September 2018, Vastned Retail Belgium has € 21.6 million of available non-withdrawn credit lines at its financial institutions to cover the fluctuations of cash needs and for financing future investments.



Mechelen - Bruul

3. Outlook for 2018

The demand of retailers for available shop space remains below the annual average. This will increase vacancy rates, especially in the smaller cities. There is too little inflow of new international retailers, which means there are vacancies here and there even in the best streets. Retailer margins remain under pressure, among other things because of investments in e-commerce.

Top cities such as Antwerp, Brussels and Ghent must ensure their accessibility for interested shoppers. The hospitality sector continues to develop with nice formats that provide the necessary “look & feel” in our shopping streets.

Vastned Retail Belgium intends to pursue its strategy further in 2018 by focusing more explicitly on premium quality retail locations and retail parks. The company will continue to work towards a clear predominance of core city assets, i.e. the very best retail property in the most popular shopping streets in the major cities. The primary focus is on the acquisition of retail property in the Antwerp city center, and additionally in other major cities. By focusing on a limited number of city centers, the market knowledge of the asset team of the

company grows, thereby allowing for a good assessment of opportunities. New investments will, to a considerable extent depend on further developments on the retail property market. The supply of top-sellers in the “core cities” is thin. By maintaining close contacts with all players on the retail property market, Vastned Retail Belgium has a good insight into available investment objects.

With the current high-quality portfolio of the real estate company, divestments are not a priority within the strategy. Nevertheless, opportunistic divestments of non-strategic assets are not excluded.

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 between € 2.75 and € 2.80 for the financial year 2018 (compared to € 2.62 for the financial year 2017). This represents a gross dividend yield of approximately 5.85%, based on the closing share price as at 30 September 2018 (€ 47.30).

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 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.

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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Financial statements

1. Consolidated income statement (9 months)

IN THOUSANDS €	30.09.2018	30.09.2017
Rental income	14.486	14.223
Rental-related expenses	-102	-100
NET RENTAL INCOME	14.384	14.123
Other rental-related income and expenses	62	45
PROPERTY RESULT	14.446	14.168
Technical costs	-356	-316
Commercial costs	-100	-225
Charges and taxes on unlet properties	-41	-22
Property management costs	-767	-773
Other property charges	-16	-18
PROPERTY CHARGES	-1.280	-1.356
OPERATING PROPERTY RESULT	13.166	12.812
General expenses	-1.040	-792
Other operating income and expenses	20	18
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	12.146	12.038
Result on disposal of investment properties	0	-21
Changes in fair value of investment properties	-3.954	17.852
Other result on portfolio	214	-312
OPERATING RESULT	8.406	29.558
Financial income	10	6
Net interest charges	-1.314	-2.744
Other financial charges	-1	-3
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	206	1.408
FINANCIAL RESULT	-1.099	-1.334
RESULT BEFORE TAXES	7.307	28.224
TAXES	-46	-235
NET RESULT	7.261	27.989

IN THOUSANDS €	30.09.2018	30.09.2017
Note:		
EPRA result	10.750	9.059
Result on portfolio	-3.739	17.520
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	250	1.410
Attributable to:		
Shareholders of the parent company	7.261	27.989
Non-controlling interests	0	0

2. Result per share

RESULT PER SHARE	30.09.2018	30.09.2017
Number of share entitled to dividend	5.078.525	5.078.525
Net result (€)	1,43	5,51
Diluted net result (€)	1,43	5,51
EPRA result (€)	2,12	1,78

3. Consolidated statement of comprehensive income (9 months)

IN THOUSANDS €	30.09.2018	30.09.2017
NET RESULT	7.261	27.989
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	7.261	27.989
Attributable to:		
Shareholders of the parent company	7.261	27.989
Non-controlling interests	0	0

3. Consolidated balance sheet

ASSETS IN THOUSANDS €	30.09.2018	31.12.2017
Non-current assets	376.022	378.759
Intangible assets	15	15
Investment properties	375.480	378.195
Other tangible assets	524	546
Trade receivables and other non-current assets	3	3
Current assets	2.234	1.907
Trade receivables	427	373
Tax receivables and other current assets	0	151
Cash and cash equivalents	656	367
Deferred charges and accrued income	1.151	1.016
TOTAL ASSETS	378.256	380.666
SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €	30.09.2018	31.12.2017
Shareholders' equity	268.463	274.508
Shareholders' equity attributable to the shareholders of the parent company	268.463	274.508
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	159.806	138.443
Net result of the financial year	7.261	34.669
Non-controlling interests	0	0
Liabilities	109.793	106.158
Non-current liabilities	100.446	98.146
Non-current financial debts	98.125	95.625
<i>Credit institutions</i>	98.125	95.625
Other non-current financial liabilities	1.674	1.880
Other non-current liabilities	122	145
Deferred tax - liabilities	525	496
Current liabilities	9.347	8.012
Provisions	269	269
Current financial debts	5.250	4.400
<i>Credit institutions</i>	5.250	4.400
Trade debts and other current debts	2.328	2.107
Other current liabilities	583	625
Deferred income and accrued charges	917	611
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	378.256	380.666



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