

# HALF-YEARLY FINANCIAL REPORT

2016

vastned   
Retail Belgium

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## Half-yearly financial report from the board of directors for the period 01.01.2016 to 30.06.2016

- Firm establishment in the premium city high street shops segment remains the objective.
- As at 30 June 2016, 58% of the real estate portfolio consisted 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 7 rental transactions, of which 2 in premium city high street shops, representing approx. 3% of the total annual rental income, resulting in an average increase in rent of 9%.
- Work on prominent redevelopment and thorough restoration of a premium city high street shop of 3.000 m<sup>2</sup> on Zonnestraat in Ghent on schedule.
- Occupancy rate as at 30 June 2016: 99% (98% as at 31 December 2015).
- Increase in the fair value of the existing real estate portfolio by € 2 million<sup>1</sup> in the first semester of 2016, mainly in the premium city high street shops.
- The operating distributable result in the first semester of 2016 is € 1,18 per share (€ 1,21 for the first semester of 2015), a slight decrease primarily due to the divestment of 14 non-strategic retail properties in 2015.
- Limited debt ratio of 30% as at 30 June 2016.
- Expected gross dividend for 2016 between € 2,40 and € 2,50 per share.
- Vastned Retail Belgium to get dedicated management.

<sup>1</sup> With unchanged composition of the real estate portfolio compared with 31 December 2015.

## 1. Interim management report for the first semester of 2016

In the first semester of 2016 Vastned Retail Belgium remained true to its investment strategy of focusing on premium city high street shops. These are the prime retail properties located on the best shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also consists of high street shops, i.e. the inner-city shops outside the premium cities and non-high street shops, which include retail parks and retail warehouses.

### 1.1. Operating result

The structural rebalancing of the portfolio with a shift towards more quality buildings has a less favourable impact on rental income in the short term and, therefore, on the company's operating distributable result. However, it results in a higher quality portfolio in the long term.

The **operating distributable result** of Vastned Retail Belgium slightly decreased in the first half of 2016 and amounted to € 6,0 million, compared to € 6,1 million in the first half of 2015. This € 0,1 million decrease is mainly due to lower rental income (€ 0,8 million) as a result of the divestment in 2015 of 14 non-strategic shops, representing approximately 12% of the real estate portfolio, which was partly compensated for by the acquisition of four premium city high street shops in Antwerp in 2015 and by lower property charges (€ 0,2 million) and a decrease in financing costs (€ 0,4 million).

This amounts to an operating distributable result of € 1,18 per share, compared to € 1,21 in the first semester of the previous financial year.

↓ Schuttershofstraat 24, Antwerp



↓ Graanmarkt 13, Antwerp



## 1.2. Rental activities

In the first semester of 2016 Vastned Retail Belgium carried out **7 rental transactions**, including 2 in premium city high street shops, representing approximately 3% of the total annual rental income, resulting in average rental growth of 9%.

In the first semester of 2016, 5 rental transactions were concluded with **new tenants** for a total annual rental volume of € 0,3 million. This concerns 2 rentals of unoccupied shops, 1 rental immediately following the departure of the previous tenant, 1 rental immediately following a bankruptcy of the previous tenant and 1 take-over of an existing lease agreement. The new rent for these lease agreements is on average 10% higher than the rent for the previous lease agreements. These 5 lease agreements represent roughly 1% of the company's total rental income.

Vastned Retail Belgium **renewed 2 lease agreements** with existing tenants in the first semester of 2016 for an annual rental volume of approximately € 0,3 million. On average, the new rent for these lease agreements is 9% higher than the rent being charged in the current lease agreements. These 2 lease agreements represent roughly 2% of the company's total rental income.

### Occupancy rate

The **occupancy rate**<sup>2</sup> of the real estate portfolio as at 30 June 2016 was 99% (compared to 98% as at 31 December 2015).

The decreased occupancy rate for premium city high street shops from 100% to 99% in the first semester of 2016 is due to the bankruptcy of the tenant of one of the shops in the basement (652 m<sup>2</sup>) of a premium city high street shop in Brussels. The occupancy rate of the high street shops (98%) remains stable and that of non-high street shops (98%) has increased by 2% due to rentals.

Occupancy rate (excluding buildings undergoing renovation)	30.06.2016	31.12.2015	30.06.2015
Premium city high street shops	99%	100%	98%
High street shops	98%	98%	92%
Non-high street shops (retail parks and retail warehouses)	98%	96%	96%
<b>Occupancy rate of the real estate portfolio</b>	<b>99%</b>	<b>98%</b>	<b>97%</b>

↓ Steenstraat 38, Bruges



↓ Steenstraat 80, Bruges



<sup>2</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.

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

Activities in the context of prominent **redevelopment and thorough restoration** of a premium city high street shop of 3.000 m<sup>2</sup> on **Zonnestraat in Ghent** are on schedule.

On Zonnestraat in the shopping centre of Ghent, Vastned Retail Belgium is renovating one of its historical premium city high street shops. The building in question is from 1922 and has lost much of its grandeur over the years. The real estate company specifically wants to return the property to its distinctive former appearance, thereby increasing its commercial value. The interior is being restored, false ceilings are being removed, making the beautiful art deco stained glass windows visible again, and the façade is being restored to its former state to the greatest extent possible.

This redevelopment involves an investment amount of approximately € 2 million. In August 2016, AS Adventure, a Belgian chain store specialised in outdoor, leisure and fashion will become the new tenant of this property. The opening of the multi-brand outdoor shop will follow in October.

The planning permission application was submitted in the first semester of 2016 for pulling down and rebuilding the shop next to it.

↓ Zonnestraat 6-10, Ghent



↓ Zonnestraat 6-10, Ghent



#### 1.4. Composition and evolution of the real estate portfolio as at 30 June 2016

As at 30 June 2016, 58% 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). 17% 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, i.e. retail parks and retail warehouses, makes up 25% of the real estate portfolio (25% as at 31 December 2015).

As at 30 June 2016, the **fair value of the investment properties** amounted to € 349 million (€ 347 million as at 31 December 2015). The increase of € 2 million during the first semester 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 1% and that of non-high street shops by 0,8%. In contrast, the fair value of the high street shops saw a decrease of 0,4%.

Real estate portfolio	30.06.2016	31.12.2015	30.06.2015
Fair value of investment properties (€ 000)	349.227	346.674	361.074
Investment value of investment properties (€ 000)	357.958	355.341	370.101
Total leasable space (m <sup>2</sup> )	90.335	90.220	109.218

The average yield in the portfolio of the real estate company remained unchanged at 5,4% during the first half year of 2016. As at 30 June 2016, the average yield in the Vastned Retail Belgium portfolio was 4,5% for premium city high street shops (4,5% as at 31 December 2015), 6,0% for high street shops (5,9% as at 31 December 2015) and 6,9% for non-high street shops (6,9% as at 31 December 2015).

Vastned Retail Belgium focuses on a strategy based on commercial real estate, with respect for criterions of risk spread in the real estate portfolio, relating to the type of building as well as to the geographic spread and the sector of the tenants.

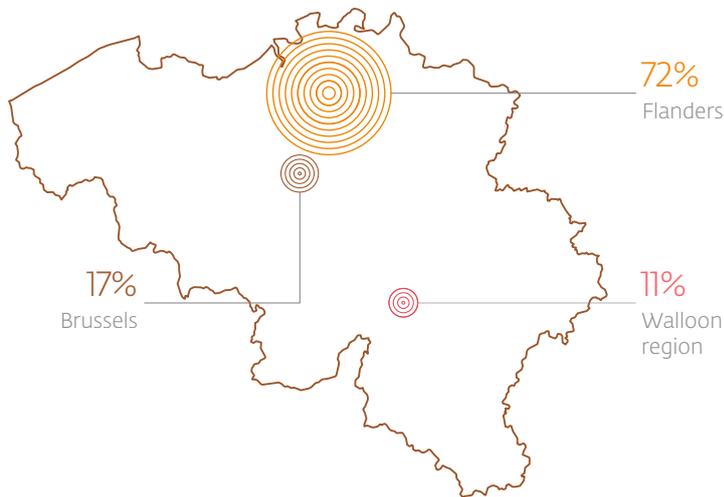
As at 30 June 2016 this risk spread was as follows:

#### Type of retail property

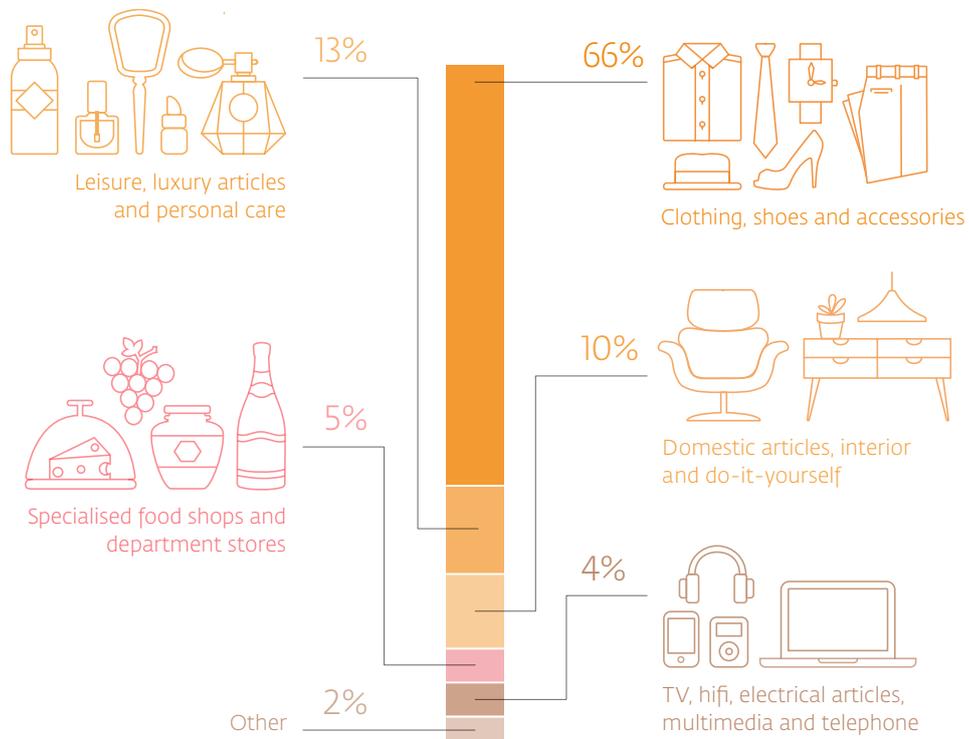


Vastned Retail Belgium intends to achieve a 75% investment ratio in premium city high street shops in Belgium in due course. Vastned Retail Belgium believes that these top locations guarantee the most authentic and unique experience and also provide the most certainty as an investment object on the long run.

Geographical spread



Sector of tenants



Valuation of the portfolio by independent property experts as at 30 June 2016:

Property expert	Fair value of investment properties (€ 000)
Cushman & Wakefield	147.912
CB Richard Ellis	201.315
<b>Total</b>	<b>349.227</b>

1.5. Market situation of Belgian retail real estate in 2016<sup>3</sup>

The Belgian economy

During the first semester of 2016 the Belgian economy undeniably suffered from the terrorist attacks of 22 March 2016. It caused a dent in consumer confidence and retailers immediately noticed decreased turnover. However, the attacks did not cause pessimism and retailers expect a full recovery this year. The National Bank of Belgium expects the real disposable income of Belgians to increase by 1,4% this year and it believes that this increase will continue the coming years.

Commercial lease market

The polarisation between secondary cities and first-generation retail warehouse parks (older and less-structured retail warehouse parks) on the one hand and premium cities and well-structured retail warehouse parks on the other hand, is increasing.

Various factors are at the root of this situation. Solitary first-generation retail warehouses and retail warehouse parks are suffering from the rise of new periphery projects. Secondary cities are suffering from difficult accessibility and limited and expensive parking infrastructure. In addition, they no longer offer any added value compared to the growing, comprehensive and qualitative supply of shops in the immediate periphery. The rent level is decreasing in both market segments and the vacancy rate is on the increase.

When the new legislation for pop-up stores takes effect and commercial rental agreements with a maximum duration of 1 year become possible, the vacancy rate may decrease temporarily but the rent level is likely to drop.

The new retail warehouse parks - well-structured retail warehouse parks that form a nice architecturally whole - and existing retail warehouse parks with sufficient size and a diversity of tenants, e.g. the Gouden Kruispunt in Tielt-Winge, remain attractive shopping destinations. They attract expansive retailers from the city centre, e.g. H&M, Lola & Liza, AS Adventure and Veritas.

Shopping in the periphery is becoming attractive and losing its discount image. Here, the rent level has increased to € 160/m<sup>2</sup> for shops smaller than 1.000 m<sup>2</sup>.

Premium cities are not suffering from the supply of shops in the periphery because they offer added value: experience. Going shopping in the city remains a favourite pastime for many consumers.

3 Retail Focus 2016 and Cushman & Wakefield Marktupdate Q1 2016.

Belgium remains popular among international newcomers (Uniqlo, Weekday, Kiko, NYX, JD Sports) and these retailers are choosing premium cities to open their flagship stores. Flagship stores are not only an essential marketing tool for newcomers, they are also key elements for the e-commerce of existing chains: these shops ensure brand awareness, fulfil the role of showroom and boost and build brand image.

Only top-level locations in premium cities with high pedestrian traffic are considered suitable. The rent level remains strong and vacancy is always limited in duration. On the Antwerp Meir and on the Brussels Nieuwstraat we see prime rents of up to € 1.850/m<sup>2</sup> for shops that are smaller than 200 m<sup>2</sup>.

↓ Leysstraat 32, Antwerp



↓ Meir 99, Antwerp



↓ Veldstraat 23-27, Ghent



↓ Avenue Louise 7, Brussels



### Investment market

The investment volume remained limited during the first half of the year, mainly due to a lack of good shops. Interest from national as well as foreign investors is, however, on the increase, meaning yields in premium cities are dropping.

The investment volume is likely to grow during the second half of the year, with expected sales of Médiacité in Liège and Toison d'Or and Dockx in Brussels.

## 1.6. Analysis of the results<sup>4</sup>

**Rental income** of Vastned Retail Belgium amounted to € 9,1 million in the first semester of 2016 (€ 9,9 million). The € 0,8 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 12% of the real estate portfolio, on the one hand, compensated by the acquisition of 4 premium city high street shops in Antwerp over the course of 2015, the indexation of existing lease agreements and lease renewals carried out, on the other hand.

The **real estate costs** amounted to € 0,9 million (€ 1,0 million) and decreased by € 0,1 million due to more limited staffing for property management. The **general costs** amounted to € 0,7 million (€ 0,6 million) and increased by € 0,1 million compared to the first semester of 2015.

The **fair value** of the real estate portfolio increased in the first semester of 2016. The **changes in fair value of investment properties** amounted to € 2,0 million (€ 4,3 million), mainly in premium city high street shops.

The **financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounted to € -1,5 million for the first half of 2016 (€ -1,9 million), which constitutes a € 0,4 million decrease compared to the first half of 2015, primarily due to the divestment of 14 non-strategic retail properties in 2015.

The **average interest rate** for financing amounted to 3,1%, including bank margins, for the first semester of 2016 (3,5%).

**Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)** in the first semester of 2016 included the increase of the negative market value of the interest rate swaps that, in line with IAS 39, cannot be classified as a cash flow hedging instrument, for an amount of € -0,2 million (€ 0,4 million).

The **net result** of Vastned Retail Belgium for the first semester of 2016 amounted to € 7,8 million (€ 10,9 million) and can be split up into:

- the **operating distributable result** of € 6,0 million (€ 6,1 million), or a decrease of € 0,1 million or approximately 3%, primarily due to the divestment of 14 non-strategic retail properties in 2015, resulting in a drop in rental income, partly compensated by lower property charges and financing costs;
- **result on the portfolio** of € 2,0 million (€ 4,4 million);
- **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** in the amount of € -0,2 million (€ 0,4 million).

↓ Schuttershofstraat 55, Antwerp



↓ Huidevetterstraat 12, Antwerp



<sup>4</sup> The figures between brackets are the comparable figures for the first semester of 2015.

This represents **per share** for the first semester of 2016 an operating distributable result of € 1,18 (€ 1,21), or a decrease of 2,4%.

Key figures per share	30.06.2016	31.12.2015	30.06.2015
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (6 months/1 year/6 months) (€)	1,53	3,01	2,15
Operating distributable result (6 months/1 year/6 months) (€)	1,18	2,51	1,21
Net value (fair value) (€)	47,17	48,14	47,28
Net value (investment value) (€)	48,87	49,90	49,03
Share price on closing date (€)	52,50	55,97	54,99
Premium with regard to fair net value (%)	11%	16%	16%

As at 30 June 2016, the **net value (fair value)** of the share was € 47,17 (€ 48,14 as at 31 December 2015). Given that the share price as at 30 June 2016 was € 52,50, the Vastned Retail Belgium (VASTB) share was quoted with a premium of 11% compared to this net value (fair value). The **debt ratio** of the RREC amounted to 30% as at 30 June 2016 (28% as at 31 December 2015). The increase stems from the dividend payment for financial year 2015 in May 2016 for an amount of € 12,7 million.

EPRA - Key figures*	30.06.2016	31.12.2015	30.06.2015
EPRA Earnings per share (€)	1,18	2,52	1,21
EPRA NAV per share (€)	48,09	49,02	48,06
EPRA NNNNAV per share (€)	47,17	48,14	47,28
EPRA Net Initial Yield (NIY) (%)	4,8%	4,8%	4,7%
EPRA Topped-up NIY (%)	5,0%	4,9%	4,9%
EPRA Vacancy rate (%)	1,4%	1,8%	3,3%
EPRA Cost Ratio (including direct vacancy costs)	17,4%	16,2%	16,7%
EPRA Cost Ratio (excluding direct vacancy costs)	16,6%	16,0%	16,0%

\* The auditor has verified if the "EPRA Earnings", "EPRA NAV" and "EPRA NNNNAV" ratios were calculated according to the EPRA BPR definitions of December 2014, and if the data used for the calculation of these ratios correspond to the accounting data of the consolidated financial statement.

↓ Leysstraat 17, Antwerp



↓ Schuttershofstraat 32, Antwerp



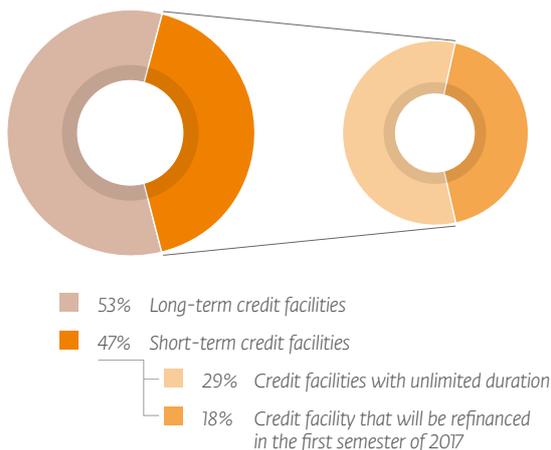
## 1.7. Financial structure as at 30 June 2016

Vastned Retail Belgium has a conservative financial structure on 30 June 2016 allowing it to continue to carry out its activities in 2016.

The most important characteristics of the financial structure as at 30 June 2016 are:

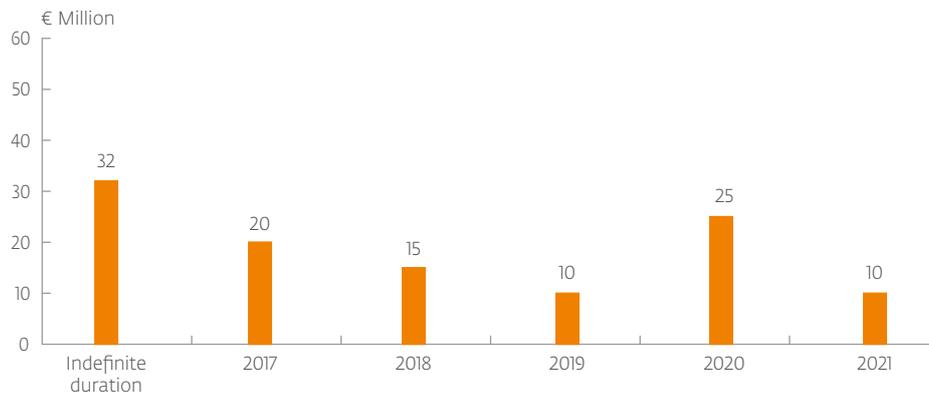
- Amount of withdrawn financial debts: € 103 million (excluding the market value of financial derivatives).
- 53% of credit lines are long-term financing with an average remaining duration of 3,3 years.  
47% of the credit lines are short-term financing of which 29% are credit facilities with an unlimited duration (€ 32 million) and 18% a credit facility expiring in the first half of 2017 (€ 20 million). As a consequence, Vastned Retail Belgium does not need to carry out any more refinancing of its credit facilities in financial year 2016.

### Proportion of long-term and short term credit facilities



- Well-spread expiry dates of credit facilities between 2017 and 2021.
- Spread of credit facilities over 4 European financial institutions
- € 9 million of available non-withdrawn credit lines to cover the fluctuations of cash needs and for financing future investments.
- 80% of the credit lines have a fixed interest rate or are fixed by means of interest rate swaps and 20% have a variable interest rate. As at 30 June 2016, 87% of the utilised credit lines had a fixed rate, 13% had a variable rate.
- Fixed interest rates are set for a remaining period of 2,8 years on average.
- Average interest rate for the first semester of 2016: 3,1% including bank margins (3,5% for the first semester 2015).
- Value of financial derivatives: € 4,4 million negative.
- Limited debt ratio of 30% (28% as at 31 December 2015) (legal maximum: 65%).
- In the first semester of 2016 there were no changes made to the existing agreements contracted, and the RREC fulfilled these agreements as at 30 June 2016.

### Due dates calendar of credit lines



### 1.8. Risks for the remaining months of 2016

Vastned Retail Belgium estimates the main risk factors and uncertainties for the remaining months of the 2016 financial year as follows.

#### Rental risks

Given the nature of the buildings which are mainly let to national and international retailers, the real estate portfolio is to a certain degree sensitive to the economic situation. However, in the short term no direct risks are recognised that could fundamentally influence the results of the 2016 financial year. Furthermore, there are clear and efficient internal control procedures within the company to limit this risk of default.

#### Evolution of the value of the portfolio

To a certain degree, the value of the investment properties of Vastned Retail Belgium is sensitive to the economic situation. In the current economic situation there is an increased risk of vacancy outside the absolute prime locations. This increased risk could lead to a decrease in the value of the real estate portfolio in the second half of 2016.

#### Evolution of interest rates

Due to financing with borrowed capital, the return generated by the company depends on changes in interest rates. To limit this risk, an appropriate ratio between borrowed capital with a variable interest rate and borrowed capital with a fixed interest rate is pursued when composing the credit facilities portfolio. As at 30 June 2016, 87% of the utilised credit facilities portfolio had a fixed interest rate, or the rate was fixed by means of interest rate swaps. Some 13% of the credit facilities portfolio has a variable interest rate which is subject to (un)foreseen rises of the currently low interest rates.

## 1.9. Outlook for 2016

The investment strategy of Vastned Retail Belgium continues to focus on premium city high street shops in Belgium. This constitutes the very best retail properties in the most popular high streets in the major cities. Premium cities have a historic city centre that attracts tourism, they have a positive demographic growth, the purchasing power is higher than in provincial cities and they are home to various national and international institutions and universities.

Top-level retail locations are more crucial than ever for retailers. Their presence in these cities boosts their brand awareness and image, contributing to obtaining optimal turnover and sustainable profit margins. As such, they are prepared to pay high rents for their presence at these locations.

The current property portfolio of Vastned Retail Belgium consists for 58% of these premium city high street shops in Antwerp, Brussels, Ghent and Bruges. Here, growth up to 75% is proposed.

By focusing on a limited number of city centres, the market knowledge of the asset team of Vastned Retail Belgium grows, thereby allowing for a good assessment of opportunities.

Apart from high street shops in premium cities, the property portfolio also has room for other high quality retail property investments, such as premium retail warehouse parks and well-located supermarkets or high street shops in mid-sized and smaller cities. Examples are the Gouden Kruispunt in Tielt Winge or the inner city shops in the historic centre of Liège.

### Investments

The supply of suitable investment objects in line with market conditions is limited. The Vastned Retail Belgium management team is in close contact with brokers and local owners so that interesting investment projects can be studied.

### Redevelopments

Further growth in the premium segment can also be achieved by renovating and upgrading properties in the existing portfolio.

On Zonnestraat in the shopping centre of Ghent, Vastned Retail Belgium is renovating one of its historical premium city high street shops. AS Adventure will become the new tenant of this building in August 2016.

### Divestments

With the current high-quality portfolio of the real estate company, divestments are not a priority within the strategy. Nonetheless, opportunistic divestments of non-premium shops - such as non-strategic high street shops in smaller cities and non-strategic retail warehouses or retail parks - are open to consideration.

### Gross dividend financial year 2016

Based on the half-yearly results and the forecasts as at 30 June 2016, Vastned Retail Belgium estimates to be able to propose to its shareholders a gross dividend per share between € 2,40 and € 2,50 for the 2016 financial year (compared to € 2,51 for the 2015 financial year). Based on the closing price on 30 June 2016 (€ 52.50), this represents a gross dividend yield of between 4,6% and 4,8%.

## 1.10. 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 as of 1 August 2016 and will 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 the coo of Vastned Retail Belgium and is a 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 has appointed 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.

↓ Graanmarkt 13, Antwerp



## 2. Condensed consolidated half-yearly figures

### 2.1. Condensed consolidated income statement

in thousands €	30.06.2016	30.06.2015
Rental income	9.076	9.856
Rental-related expenses	-63	-67
<b>NET RENTAL INCOME</b>	<b>9.013</b>	<b>9.789</b>
Recovery of rental charges and taxes normally payable by tenants on let properties	1.270	1.428
Rental charges and taxes normally payable by tenants on let properties	-1.270	-1.428
Other rental-related income and expenses	23	20
<b>PROPERTY RESULT</b>	<b>9.036</b>	<b>9.809</b>
Technical costs	-195	-264
Commercial costs	-104	-85
Charges and taxes on unlet properties	-74	-73
Property management costs	-502	-632
Other property charges	-11	14
<b>Property charges</b>	<b>-886</b>	<b>-1.040</b>
<b>OPERATING PROPERTY RESULT</b>	<b>8.150</b>	<b>8.769</b>
General costs	-661	-585
Other operating income and costs	9	62
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>7.498</b>	<b>8.246</b>
Result on disposals of investment properties	0	150
Changes in fair value of investment properties	2.001	4.324
Other result on portfolio	10	-108
<b>OPERATING RESULT</b>	<b>9.508</b>	<b>12.612</b>
Financial income	4	3
Net interest charges	-1.477	-1.928
Other financial charges	-3	-5
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-225	369
<b>Financial result</b>	<b>-1.701</b>	<b>-1.561</b>
<b>RESULT BEFORE TAXES</b>	<b>7.807</b>	<b>11.051</b>
Taxes	-22	-145
<b>NET RESULT</b>	<b>7.785</b>	<b>10.906</b>

in thousands €	30.06.2016	30.06.2015
<b>NET RESULT</b>	<b>7.785</b>	<b>10.906</b>
<b>Note:</b>		
Operating distributable result	5.978	6.144
Result on portfolio	2.011	4.366
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-204	396
<b>Attributable to:</b>		
Shareholders of the parent company	7.785	10.903
Minority interests	0	3
<b>Result per share</b>		
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	1,53	2,15
Diluted net result (€)	1,53	2,15
Operating distributable result (€)	1,18	1,21

## 2.2. Condensed consolidated statement of comprehensive income

in thousands €	30.06.2016	30.06.2015
<b>NET RESULT</b>	<b>7.785</b>	<b>10.906</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>7.785</b>	<b>11.113</b>
<b>Attributable to:</b>		
Shareholders of the parent company	7.785	11.110
Minority interests	0	3

### 2.3. Condensed consolidated balance sheet

ASSETS in thousands €	30.06.2016	31.12.2015
<b>Non-current assets</b>	<b>349.725</b>	<b>347.196</b>
Intangible assets	0	1
Investment properties	349.227	346.674
Other tangible assets	496	519
Trade receivables and other non-current assets	2	2
<b>Current assets</b>	<b>2.596</b>	<b>1.082</b>
Trade receivables	150	151
Tax receivables and other current assets	106	106
Cash and cash equivalents	381	272
Deferred charges and accrued income	1.959	553
<b>TOTAL ASSETS</b>	<b>352.321</b>	<b>348.278</b>

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.06.2016	31.12.2015
<b>Shareholders' equity</b>	<b>239.533</b>	<b>244.495</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>239.533</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	7.785	15.302
<b>Minority interests</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>112.788</b>	<b>103.783</b>
<b>Non-current liabilities</b>	<b>64.833</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	4.374	4.149
Other non-current liabilities	115	131
Deferred tax - liabilities	344	295
<b>Current liabilities</b>	<b>47.955</b>	<b>34.008</b>
Provisions	278	278
Current financial debts	43.350	30.280
<i>Credit institutions</i>	43.350	30.280
Trade debts and other current debts	2.001	2.038
Other current liabilities	591	630
Deferred charges and accrued income	1.735	782
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>352.321</b>	<b>348.278</b>

## 2.4. Condensed consolidated cash flow statement

in thousands €	30.06.2016	30.06.2015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	272	339
<b>1. Cash flow from operating activities</b>	<b>5.661</b>	<b>4.893</b>
Operating result	9.508	12.612
Interest paid	-1.501	-1.585
Other non-operating elements	246	-148
Adjustment of result for non-cash flow transactions	-1.693	-4.777
• Depreciations on intangible and other tangible assets	33	32
• Result on disposals of investment properties	0	-150
• Spread of rental discounts and benefits granted to tenants	60	-74
• Changes in fair value of investment properties	-2.001	-4.324
• Other result on portfolio	-10	108
• Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	225	-369
Changes in working capital	-407	-1.209
• Movement of assets	-182	-801
• Movement of liabilities	-225	-408
<b>2. Cash flow from investment activities</b>	<b>-659</b>	<b>2.997</b>
Acquisitions of intangible and other tangible assets	-9	-55
Acquisitions of investment properties	0	-4.339
Investments in existing investment properties	-554	-90
Proceeds of disposals of investment properties	0	8.227
Prepaid investment invoices	-96	-746
<b>3. Cash flow from financing activities</b>	<b>-4.893</b>	<b>-7.910</b>
Repayment of loans	-25.000	-20.650
Drawdown of loans	32.870	26.600
Repayment of financial lease liabilities	-16	-2
Receipts from non-current liabilities as guarantee	0	-44
Dividend paid	-12.747	-13.814
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER</b>	<b>381</b>	<b>319</b>

2.5. Condensed statement of changes in consolidated equity

in thousands €	Share capital	Share premium	Reserves	Net result of the financial year	Minority interests	TOTAL SHAREHOLDERS' EQUITY
<b>Balance as at 31 December 2014</b>	97.213	4.183	120.910	20.494	167	242.967
Comprehensive income of first semester 2015			207	10.903	3	11.113
Transfers through result allocation 2014:						
Transfer from result on portfolio to reserves			7.935	-7.935		0
Transfer of changes in fair value of financial assets and liabilities			-1.240	1.240		0
Other mutations			-15	15		0
Dividends financial year 2014				-13.814		-13.814
<b>Balance as at 31 December 2015</b>	97.213	4.183	127.797	10.903	170	240.266
<b>Balance as at 31 December 2015</b>	97.213	4.183	127.797	15.302	0	244.495
Comprehensive income of first semester 2016				7.785		7.785
Transfers through result allocation 2015:						
Transfer from result on portfolio to reserves			2.309	-2.309		0
Transfer of changes in fair value of financial assets and liabilities			196	-196		0
Other mutations			50	-50		0
Dividends financial year 2015				-12.747		-12.747
<b>Balance as at 30 June 2016</b>	97.213	4.183	130.352	7.785	0	239.533

2.6. Notes to the consolidated condensed half-yearly figures

Condensed consolidated income statement by segment

BUSINESS SEGMENT	Premium city high street shops		High street shops		Non-high street shops		Corporate		TOTAL	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
in thousands €	4.367	4.157	1.750	1.865	2.960	3.834			9.076	9.856
Rental income	-6	0	0	-4	-57	-63			-63	-67
Rental-related expenses	0	0	0	-1	23	21			23	20
Property management costs and income	4.361	4.157	1.750	1.860	2.926	3.792			9.036	9.809
<b>PROPERTY RESULT</b>	<b>3.993</b>	<b>3.767</b>	<b>1.524</b>	<b>1.521</b>	<b>2.574</b>	<b>3.407</b>	<b>-593</b>	<b>-449</b>	<b>7.498</b>	<b>8.246</b>
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106</b>	<b>0</b>	<b>44</b>			<b>0</b>	<b>150</b>
Result on disposals of investment properties	1.554	5.443	-231	-385	678	-734			2.001	4.324
Changes in fair value of investment properties	40	-64	5	-1	-35	-43			10	-108
<b>OPERATING RESULT OF THE SEGMENT</b>	<b>5.586</b>	<b>9.146</b>	<b>1.298</b>	<b>1.241</b>	<b>3.216</b>	<b>2.674</b>	<b>-593</b>	<b>-449</b>	<b>9.508</b>	<b>12.612</b>
Financial result									-1.701	-1.561
Taxes									-22	-145
<b>NET RESULT</b>	<b>5.586</b>	<b>9.146</b>	<b>1.298</b>	<b>1.241</b>	<b>3.216</b>	<b>2.674</b>	<b>-2.316</b>	<b>-2.155</b>	<b>7.785</b>	<b>10.906</b>
<b>BUSINESS SEGMENT: KEY FIGURES</b>	<b>Premium city high street shops</b>		<b>High street shops</b>		<b>Non-high street shops</b>		<b>TOTAL</b>			
in thousands €	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Fair value of investment properties	201.480	185.606	59.367	63.096	88.380	112.372	349.227	361.074		
Investment value of investment properties	206.517	190.247	60.851	64.673	90.589	115.181	357.958	370.101		
Total leasable space (m <sup>2</sup> )	22.740	21.520	11.508	11.937	56.087	75.761	90.335	109.218		
Occupancy rate (%)	99%	98%	98%	92%	98%	96%	99%	96%		

## Principles for preparation of half-yearly figures

The condensed consolidated half-yearly figures are prepared on the basis of the principles of financial reporting in accordance with IAS 34 "Interim financial reporting". In these condensed half-yearly figures the same principles of financial information and calculation methods are used as those used for the consolidated annual accounts as at 31 December 2015.

New or amended standards and interpretations effective for the financial year starting on 1 January 2016

The following amended standards by the IASB and published standards and interpretations by the IFRIC are effective for the current period, but do not affect the disclosure, notes or financial results of the company: IFRS 14 *Regulatory Deferral Accounts* (1/1/2016); Amendments to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (1/1/2016); Amendments to IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (1/1/2016); Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (1/1/2016); Annual Improvements to IFRSs (2012-2014) (1/1/2016); Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (1/1/2016); Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (1/1/2016); Amendments to IAS 27 *Separate Financial Statements – Equity Method* (1/1/2016).

New disclosed standards and interpretations not yet effective in 2016

The following amendments which are applicable as of next year or later are not expected to have a material impact on the presentation, notes or financial results of the RREC: IFRS 9 *Financial Instruments and subsequent amendments* (1/1/2018); IFRS 15 *Revenue from Contracts with Customers* (1/1/2018); IFRS 16 *Leases* (1/1/2019); IAS 7 *Statement of cash flows - Amendments as result of the Disclosure initiative* (1/1/2017); IAS 12 *Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses* (1/1/2017).

## Evolution of investment properties

in thousands €	30.06.2016				30.06.2015			
	Premium city high street shops	High street shops	Non-high street shops	TOTAL	Premium city high street shops	High street shops	Non-high street shops	TOTAL
<b>Balance as at 1 January</b>	199.392	59.580	87.702	<b>346.674</b>	175.744	66.287	114.505	<b>356.536</b>
Investments in existing investment properties	534	18	0	<b>552</b>	80	0	10	<b>90</b>
Acquisition/purchases of investment properties	0	0	0	<b>0</b>	4.339	0	0	<b>4.399</b>
Disposals of investment properties	0	0	0	<b>0</b>	0	-2.806	-1.409	<b>-4.215</b>
Changes in fair value of investment properties	1.554	-231	678	<b>2.001</b>	5.443	-385	-734	<b>4.324</b>
<b>Balance as at 30 June</b>	<b>201.480</b>	<b>59.367</b>	<b>88.380</b>	<b>349.227</b>	185.606	63.096	112.372	<b>361.074</b>
OTHER INFORMATION								
Investment value of real estate properties	206.517	60.851	90.589	<b>357.958</b>	190.247	64.673	115.181	<b>370.101</b>

Investment properties are recognised at fair value. The fair value is determined on the basis of one of the following levels of the hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: measurement is based either fully or partially on information that is not (externally) observable.

IFRS 13 classifies investment properties as level 3.

As at 30 June 2016, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 21,4% of the consolidated assets of Vastned Retail Belgium. Based on the total annual rental income, H&M represents 19,4%. The FSMA has granted Vastned Retail Belgium a derogation from the limitation to 20% in accordance with Article 30 §3 and §4 of the RREC Act. This Article prohibits RRECs from investing more than 20% of their assets in one single property entity. In the light of this granted derogation, the debt ratio may not amount to more than 33%, in accordance with the provisions of Article 30 §4 of the RREC Act. The debt ratio of Vastned Retail Belgium amounted to 30% as at 30 June 2016. The aforementioned derogation was obtained for 2 years, until October 2017.

### Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the lease contracts has as at 30 June 2016 the following collection terms:

in thousands €	30.06.2016	30.06.2015
Receivables with a remaining duration of		
Less than one year	17.992	18.066
Between one and five years	22.226	13.206
More than five years	25	80
<b>Total of future minimum rental income</b>	<b>40.223</b>	<b>31.352</b>

### Non-current and current liabilities

An update of the financial structure as at 30 June 2016 is provided in paragraph 1.7. (supra) of the interim management report.

During the first semester of 2016, Vastned Retail Belgium did not implement any refinancing and did not purchase or sell any financial derivatives.

No refinancing is to be implemented by the company during the second semester of 2016.

## Financial instruments

The major financial instruments of Vastned Retail Belgium consist of financial and commercial receivables and debts, cash and cash equivalents as well as financial instruments of the interest rate swap type (IRS).

Summary of the financial instruments			30.06.2016		31.12.2015	
(in thousands €)	Categories	Level	Carrying amount	Fair value	Carrying amount	Fair value
<b>FINANCIAL INSTRUMENTS ON ASSETS</b>						
<b>Non-current assets</b>						
Trade receivables and other non-current assets	A	2	2	2	2	2
<b>Current assets</b>						
Trade receivables	A	2	150	150	151	151
Tax receivables and other current assets	A	2	106	106	106	106
Cash and cash equivalents	B	2	381	381	272	272
<b>FINANCIAL INSTRUMENTS ON LIABILITIES</b>						
<b>Non-current liabilities</b>						
Non-current financial debts (interest-bearing)	A	2	60.000	60.000	65.200	65.200
Other non-current financial liabilities	C	2	4.374	4.374	4.149	4.149
Other non-current liabilities	A	2	115	115	131	131
<b>Current liabilities</b>						
Current financial debts (interest-bearing)	A	2	43.350	43.350	30.280	30.280
Trade debts and other current debts	A	2	2.001	2.001	2.038	2.038
Other current liabilities	A	2	591	591	630	630

The categories correspond to the following financial instruments:

- A. financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost;
- B. cash investments held to maturity and measured at amortised cost;
- C. assets and liabilities held at fair value through profit and loss, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recognised at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: measurement is based either fully or partially on information that is not (externally) observable.

The financial instruments of Vastned Retail Belgium correspond to level 2 of the fair value hierarchy. The valuation techniques relating to the fair value of level 2 financial instruments are mentioned in the 2015 Annual report in Note 19 Financial instruments.

Table: Fair value of financial derivatives as at 30 June 2016

in thousands €	Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value		
						Yes/No	30.06.2016	31.12.2015
1	IRS	15/12/13	15/12/17	0,79%	10.000	No	-168	-187
2	IRS	15/4/13	15/4/18	2,29%	10.000	No	-481	-562
3	IRS	6/10/13	6/10/18	2,60%	15.000	No	-1.028	-1.136
4	IRS	6/10/13	6/10/18	2,50%	10.000	No	-662	-728
5	IRS	15/12/13	15/12/18	2,50%	10.000	No	-717	-773
6	IRS	1/10/14	1/10/19	0,72%	15.000	No	-530	-392
7	IRS	18/6/15	18/6/20	0,4850%	5.000	No	-163	-82
8	IRS	26/6/15	26/6/20	0,4900%	5.000	No	-165	-82
9	IRS	18/6/15	18/6/21	0,6425%	10.000	No	-460	-207
<i>Authorised hedging instruments</i>								
<b>Other current financial liabilities</b>				<b>90.000</b>			<b>-4.374</b>	<b>-4.149</b>
<b>Total fair value financial derivatives</b>							<b>-4.374</b>	<b>-4.149</b>

As at 30 June 2016, these interest rate swaps had a negative market value of € -4,4 million (contractual notional amount of € 90 million), which is determined by the issuing financial institution on a quarterly basis.

Vastned Retail Belgium did not classify any interest rate swaps as a cash flow hedge as at 30 June 2016. The value fluctuations of all existing interest rate swaps are directly included in the income statement.

### Related parties

No modifications have occurred during the first semester of 2016 regarding the type of transactions with related parties as described in Note 21 of the Financial report of the 2015 annual report.

### Off-balance sheet obligations

In the first semester of 2016, there have been no changes in the off-balance sheet obligations as described in Note 25 of the Financial report of the Annual report 2015.

### Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 30 June 2016.

## 2.7. Statutory auditor's report

Report of the statutory auditor to the shareholders of Vastned Retail Belgium SA on the review of the interim condensed consolidated financial statements as of 30 June 2016 and for the six month period then ended

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Vastned Retail Belgium SA (the "Company"), and its subsidiaries as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

### Scope of review

We conducted our review in accordance the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Brussels, 26 July 2016

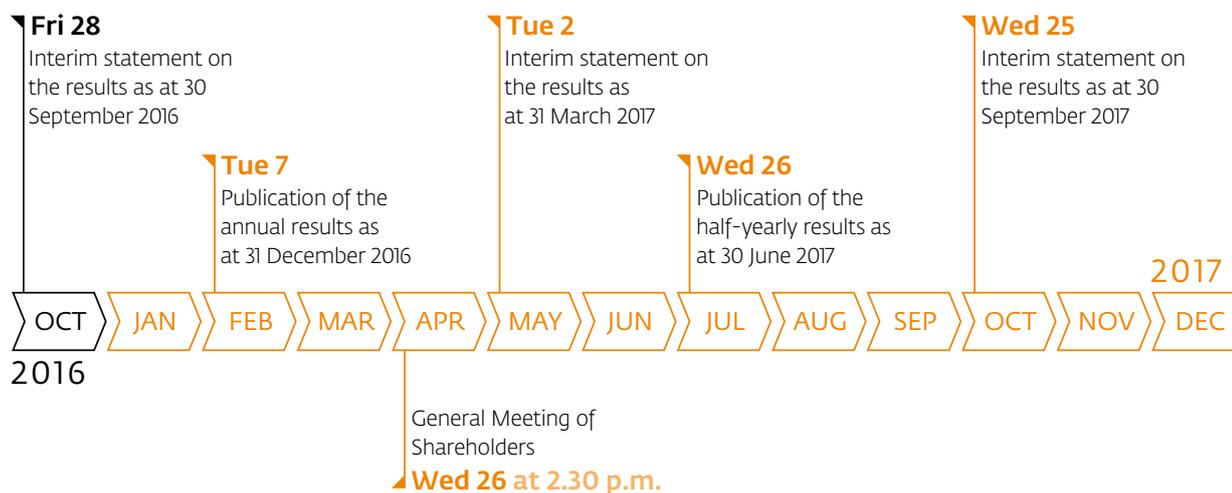
Ernst & Young Bedrijfsrevisoren SCCRL  
Statutory auditor  
represented by

Christel Weymeersch\*  
Partner

\*Acting on behalf of a BVBA/SPRL

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## 2.8. Financial calendar



## 3. Statement for the half-yearly financial report

In accordance with article 13 §2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), Taco de Groot, Reinier Walta, Peggy Deraedt, Anka Reijnen and EMSO bvba, permanently represented by Chris Peeters, declares that according to its knowledge:

- the condensed half-yearly figures, prepared in accordance with the principles of financial information in accordance with IFRS and in accordance with IAS 34 "Interim Financial Information" as accepted by the European Union, give a true and fair view of the equity, the financial position and the results of Vastned Retail Belgium and the companies included in the consolidation
- the interim management report gives a true statement of the main events which occurred during the first six months of the current financial year, their influence on the condensed half-yearly figures, the main risk factors and uncertainties regarding the remaining months of the financial year, as well as the main transactions between related parties and their possible effect on the condensed half-yearly figures if these transactions should have a significant importance and were not concluded at normal market conditions
- the information in the interim management report coincides with reality and no information has been omitted from the statement which could modify the tenor of the interim management report.

These condensed half-yearly figures were approved for publication by the board of directors on 25 July 2016.

**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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