2014 ANNUAL REPORT

vastned
Retail Belgium

ANNUAL REPORT

2014

vastned
Retail Belgium


H&M
MANHATTAN

Turnhout, Gasthuisstraat - 1.269 m²

VASTNED RETAIL BELGIUM

- is a public regulated real estate company under Belgian law
- the shares are listed on Euronext Brussels
- specialises in investments in commercial real estate: inner-city shops and retail warehouses on top locations
- focuses on an investment policy 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
- is provided with a healthy financial structure

RISK SPREAD OF THE REAL ESTATE PORTFOLIO

Type of retail property

+ 10%

31.12.2014 68% INNER-CITY SHOPS

31.12.2013 58% INNER-CITY SHOPS

31.12.2014 32% RETAIL WAREHOUSES

31.12.2013 42% RETAIL WAREHOUSES

Achievement of the stated strategy to invest 65% of the real estate portfolio in inner-city shops.

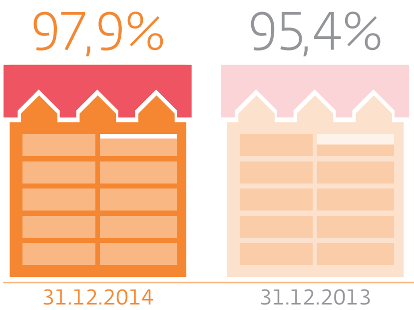
As at 31 December 2014, 68% of the real estate portfolio consists of inner-city shops (58% as at 31 December 2013). As at the end of 2014, 49% of the entire portfolio has already been invested in "premium city high street shops", i.e. prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges.

Further intensification of the strategy by focussing on premium city high street shops.

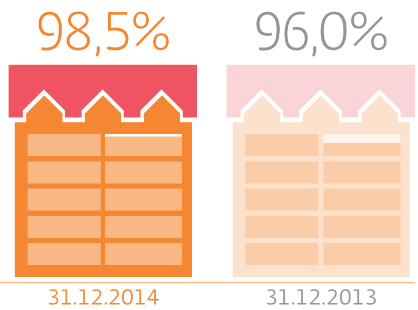
Occupancy rate

Increase in the occupancy rate in 2014 by 2,5% to 97,9% as at 31 December 2014 via leases and divestments in properties with a lower occupancy rate.

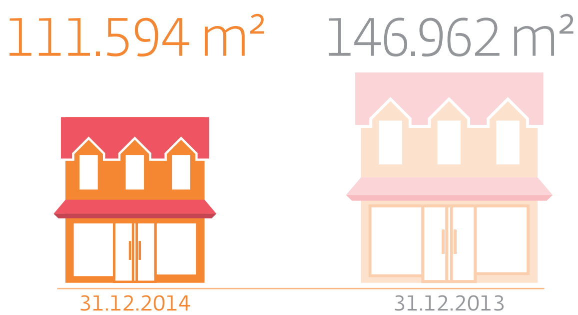
OCCUPANCY RATE (%)



OCCUPANCY RATE (%)
EXCLUSIVE PROPERTIES IN RENOVATION



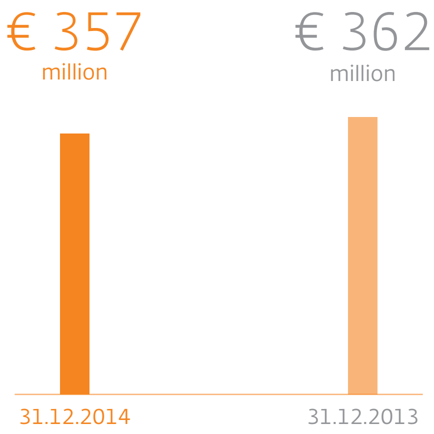
Total leasable space (m^2)



RISK SPREAD OF THE REAL ESTATE PORTFOLIO

Fair value of investment properties

EVOLUTION OF FAIR VALUE OF INVESTMENT PROPERTIES



In 2014, with an unchanged composition of the real estate portfolio with respect to 31 December 2013, the fair value of the existing real estate portfolio increased by 3%, mainly due to the stronger yields of Vastned Retail Belgium's properties in prime locations in the larger cities.

ACQUISITION OF AN INNER-CITY SHOP GHENT

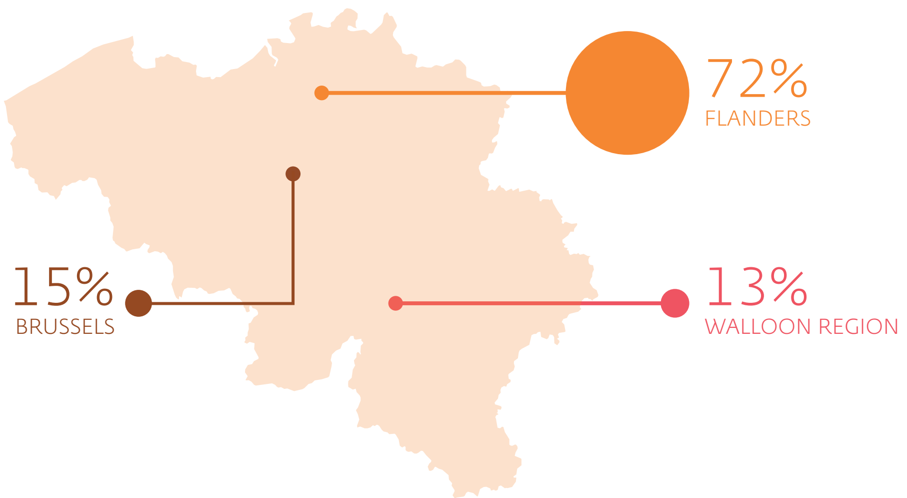
Ghent, Veldstraat - 2.690 m²

Acquisition of an inner-city shop in a prime location on Veldstraat in Ghent in July 2014 for an investment amount of € 27,7 million.

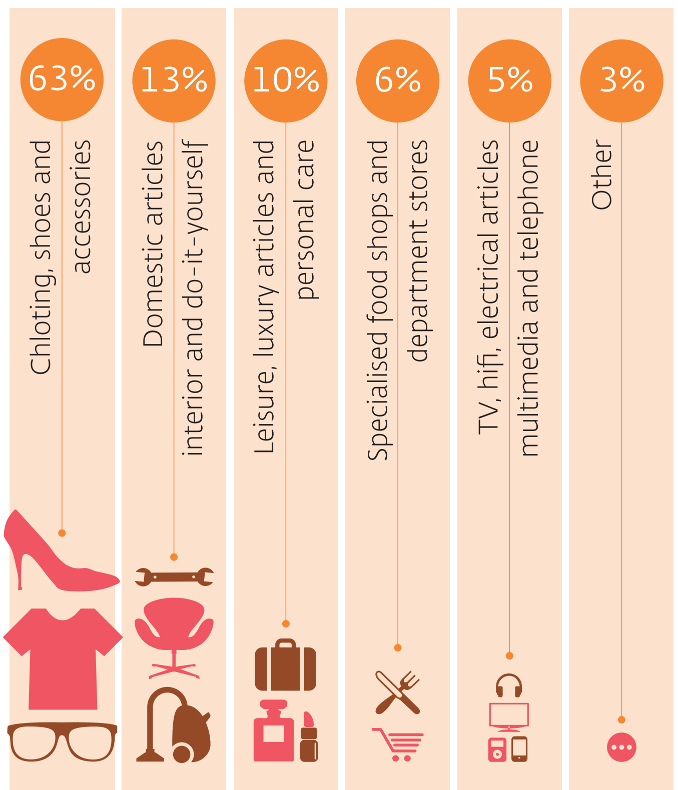
DIVESTMENT OF 19 NON-STRATEGIC RETAIL WAREHOUSE PROPERTIES AND INNER-CITY SHOPS

Divestment of 19 non-strategic retail warehouse properties and inner-city shops in secondary locations with a total fair value of € 42,9 million (12% of the real estate portfolio).

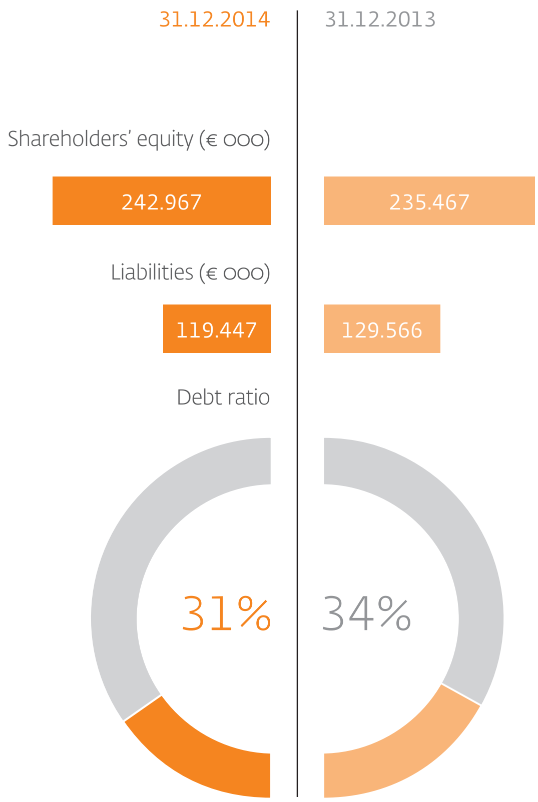
Geographic spread



Sector of tenants



STRONG BALANCE SHEET: DEBT RATIO 31%



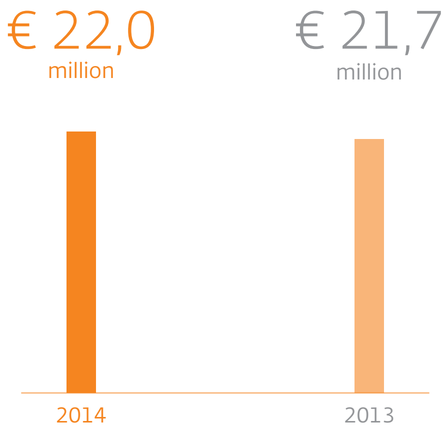
Antwerp, Leysstraat - 528 m²

The debt ratio amounts to only 31% as at 31 December 2014.

KEY FIGURES PER SHARE	31.12.2014	31.12.2013
Number of shares	5.078.525	5.078.525
Net value (fair value) (€)	47,81	46,37
Net value (investment value) (€)	49,59	48,13
Share price on closing date (€)	57,97	52,40
Premium to net asset value (fair value) (%)	21%	13%

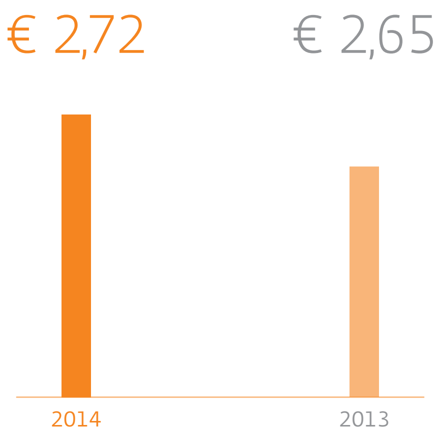
POSITIVE RESULTS IN 2014

Rental income: € 22,0 milion



Realisation of 27 rental transactions representing approx. 16% of the total annual rental income, resulting in an average increase in rent of 5%.

Gross dividend distribution: € 2,72 per share



The gross dividend increases to € 2,72 per share in 2014 (€ 2,65 for financial year 2013).

RESULTS 2014

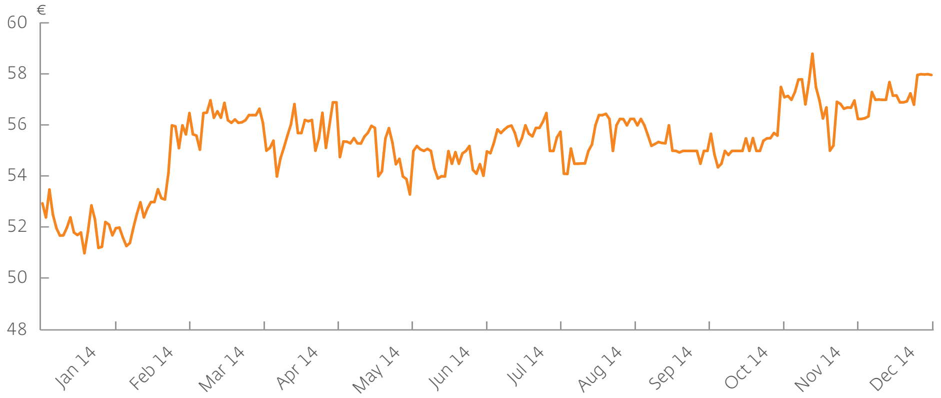
in thousands €	2014	2013
Operating distributable result	13.801	13.448
Result on portfolio	7.927	-2.911
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and other non-distributable elements	-1.240	1.657
Net result	**20.488**	**12.194**

RESULT PER SHARE	2014	2013
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	4,03	2,40
Gross dividend (€)	2,72	2,65
Net dividend (€)	2,0400	1,9875

DIVIDEND YIELD

As at 31 December 2014 the share price of Vastned Retail Belgium is € 57,97, offering a gross dividend yield of 4,7%.

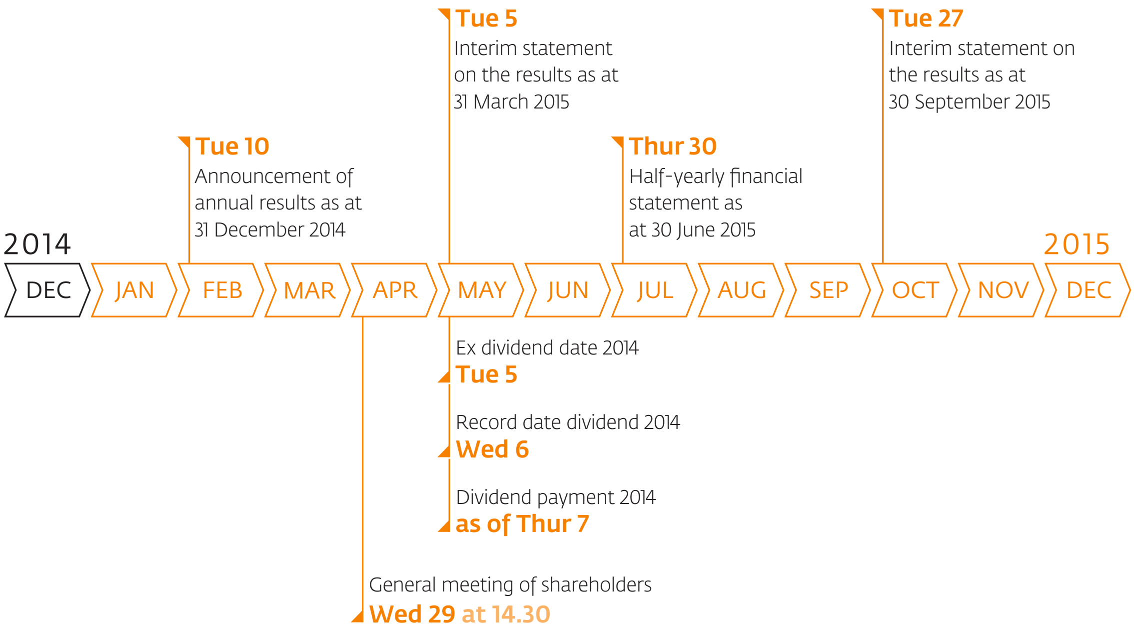
EVOLUTION SHARE PRICE



EPRA[1]

EPRA - KEY FIGURES	2014	2013
EPRA Earnings (€ per share)	2,72	2,66
EPRA NAV (€ per share)	48,71	47,08
EPRA NNNAV (€ per share)	47,74	46,32
EPRA Net Initial Yield (NIY) (%)	4,9%	5,2%
EPRA Topped-up NIY (%)	5,1%	5,4%
EPRA Vacancy rate (%)	1,5%	4,1%
EPRA Cost Ratio (including direct vacancy costs) (%)	17,3%	15,8%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	16,3%	15,1%

FINANCIAL CALENDAR



The change to the status of regulated real estate company (RREC) is approved by the general meeting of shareholders on 27 October 2014.

1 Financial performance indicator calculated according to Best Practices Recommandations of EPRA (European Public Real Estate Assocation). See also www.epra.com.

Antwerp, Meir - 583 m^2

CONTENTS

LETTER TO THE SHAREHOLDERS[2]

Dear Shareholder,

In 2014, Vastned Retail Belgium has succeeded in further implementing its strategy for rent increases via lease extensions, as well as in expanding the share of inner-city shops within the portfolio.

Despite signs of slowed growth in recent years, the Belgian retail real estate market continues to perform fairly well. However, there is a mixed sentiment within the retail real estate market, that is evolving at different speeds within its sub-segments. Meanwhile, the degree to which prime locations (both retail warehouses and inner-city shops) are able to withstand these changing market conditions clearly differs from that for the secondary locations.

The turnover of many retailers has declined in recent years, due in part to the fact that they did not, or did not enough, anticipate the increase in online sales and the protracted economic crisis. This has resulted in a substantial decline in their need to lease new or additional units, and this is reflected in downward pressure on rents. The prime high streets in the major cities are for the most part doing well due to the (planned) presence of retailers such as Primark, Marks & Spencer, Zara and Uniqlo, which lease large properties. But even in the six Belgian prime high streets, some prime locations have experienced a downward adjustment in rents. In the secondary high streets and in the smaller cities, vacancies are on the rise and rents are falling. In these locations especially, retailers are closing their businesses if they are not profitable enough.

Retail warehouse locations are doing relatively well in Belgium. There is a trend towards higher quality architecture, which, combined with attractive prices on the periphery, is also attracting better inner-city brands. This, however, only applies to the best locations in this segment. The periphery is for that matter the most active segment in 2014, especially in the retail parks. Demand is higher in this segment compared to the rest of the market. Expanding retailers such as Albert Heijn and typical city centre retailers have become extremely active in these locations.
We are awaiting the impact of the move to shift responsibilities for retail licences to the regional level in Belgium. It's expected that the forthcoming regulations will impede future developments in the periphery and in turn boost the demand for prime locations in the periphery which are already licenced.

In this market, Vastned Retail Belgium has achieved nice results in 2014. A total of 27 rental transactions are concluded in 2014 valued at € 3,6 million in annual rental income. This represents roughly 16% of the company's total annual rental income. The average rent increase in these transactions is about 5%.
In terms of its investment strategy, Vastned Retail Belgium decided back in 2012 that at least 65% of its real estate portfolio must be invested in inner-city shops, preferably in prime locations in the city centres of larger cities such as Brussels, Antwerp, Ghent and Bruges. As at 31 December 2014, inner-city shops already constitute 68% of the real estate portfolio, which is higher than the stated goal of 65%. In 2014, the company has invested in an inner-city shop in a prime location in Ghent and divested non-strategic properties in order to achieve this goal.

5%
Average rent increase in 27 transactions

68%
Inner-city shops in the real estate portfolio

2 The market information in this text is based on Cushman & Wakefield, Vastned Retail Belgium Portfolio 31 December 2014, market overview p. 12 - 18; CBRE Belgium Retailer Survey 2014, p. 2 - 5; CBRE interview Kim Verdonck, dated 14/1/2015 and CBRE's annual review of retail activity in 2014 and trends for 2015, p. 46-47.

In late July 2014, Vastned Retail Belgium succeeded in acquiring an inner-city shop in a prime location: Veldstraat 23-27 in Ghent, which is leased to H&M.

This retail property is acquired for an investment value of roughly € 27,7 million and at a yield in line with the market. This acquisition will generate a rental income stream for the company of roughly € 1,1 million annually. The transaction is funded from the company's existing credit lines and via the takeover of the loans of the acquired company.

Divestment 19
non-strategic properties

With top yields at 4%, retail properties are in high demand on the investment market, and Vastned Retail Belgium has taken advantage of these favourable market conditions in 2014 by divesting a total of 19 non-strategic retail warehouse properties and inner-city shops in secondary locations having a total fair value of € 42,9 million, or roughly 12% of the overall real estate portfolio. These divestments include Julianus Shopping in Tongeren and retail properties in Flanders and the Walloon region with a total gross retail surface area of roughly 39.000 m². The combined annual rental income of the divested retail properties amounts to EUR 3.6 million, or roughly 16% of the company's total annual rental income. The company's strategy is to use the funds that were freed up via these divestments to invest in inner-city shops in prime locations.

+1%
Increase rental incdome

-14% *Financing costs*

Despite these divestments representing roughly 12% of the real estate portfolio, the rental income of Vastned Retail Belgium has risen in 2014 by € 0,3 million, or 1%, due to investments in inner-city shops in prime locations, indexing and lease extensions. In 2014 the financing costs of the company has decreased by € 0,7 million or 14%, mainly due to lower interest rates. For the 2014 financial year, the average interest rate of the company has fallen to 3,2% including bank margins, compared to 4,0% for the 2013 financial year.

Gross dividend € 2,72

As a result, the operating distributable result per share in 2014 is higher than in 2013. For the 2014 financial year, Vastned Retail Belgium can offer its shareholders a gross dividend of € 2,72 per share, compared to € 2,65 per share for the 2013 financial year. This means that the gross dividend yield of the share is 4,7% based on the closing price as at 31 December 2014.

We wish to thank you for the confidence you place in us. Moreover, we hereby also wish to thank the management and all employees for their commitment, which lies at the basis of these excellent results.

The board of directors

Taco de Groot
Director

Jean-Pierre Blumberg
Chairman of the board of directors


TERRE
BLEUE
JUST A SHOE

Report of the board of directors

Antwerp, Korte Gasthuisstraat - 145 m²

PROFILE

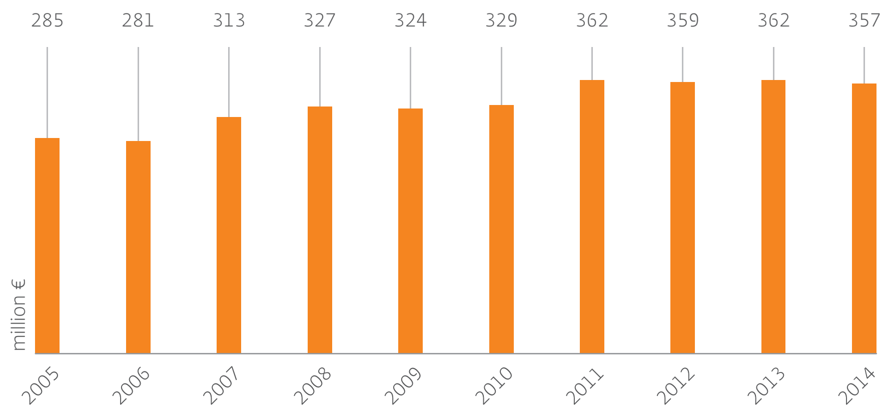
As at 31 December 2014, 68% of the real estate portfolio consists of inner-city shops and 32% of retail warehouses, with 49% of the portfolio already invested in premium city high street shops, located in the prime high streets of the major cities of Antwerp, Brussels, Ghent and Bruges. The total fair value of the portfolio amounts to € 357 million as at 31 December 2014.

Vastned Retail Belgium is a public regulated real estate company (RREC). The shares of the company are listed on the regulated market of Euronext Brussels (VASTB).

Vastned Retail Belgium invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations in prime locations and high-quality retail warehouses.

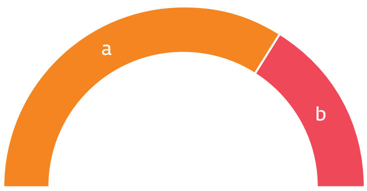
At present the portfolio is made up of 169 leasable units, spread over 69 different locations.

Evolution of fair value of investment properties (million €)



Type of real estate property

a 68% Inner-city shops
b 32% Retail warehouses



INVESTMENT STRATEGY

The investment strategy is aimed at achieving a combination of direct return based on rental income and indirect return based on the increase in the value of the real estate portfolio.

The company pursues an investment policy geared toward high-quality commercial properties, which are in turn leased to first-class tenants. Commercial property consists of retail properties located in Belgium, which may be both inner-city shops and retail warehouses (located outside the cities). This property preferably requires no major repair work in the short term and is commercially-strategically situated at good locations. Residential properties, offices and logistics properties are, in principle, not the subject of investment.

Vastned Retail Belgium believes that popular high streets in the city centres of major cities guarantee the most authentic and unique shopping experience while at the same time offering the greatest security as a long-term investment. For this reason the company established a policy in 2012 requiring that at least 65% of its real estate investments be in inner-city shops, preferably in these prime locations. As at 31 December 2014, inner-city shops already constituted 68% of the real estate portfolio. Currently, 49% of the portfolio is already invested in prime retail properties located in the prime high streets of the major cities of Antwerp, Brussels, Ghent and Bruges.

Vastned Retail Belgium has intensified its investment strategy. It now intends to achieve a 75% investment ratio in inner-city shops in Belgium over time. In doing so, over time the share of prime retail properties in the most popular high streets in the major cities must amount to 50% of the overall real estate portfolio.

Vastned Retail Belgium wishes to improve the attractiveness of its share further through higher liquidity, expanding the real estate portfolio and further improving risk spreading.

Increase of the liquidity of the share

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract large investors, which improves growth opportunities.

Increased liquidity makes it easier to issue new shares (for increasing the capital, contributions in kind or mergers), which is also very important for growth.

To improve its liquidity, Vastned Retail Belgium has concluded a liquidity agreement with Bank Degroof. The liquidity of most Belgian regulated real estate companies is relatively low. One major reason for this is that these companies are often too small - both in terms of market capitalisation and free float - to gain the attention of professional investors. In addition, shares in regulated real estate companies are generally purchased as longer-term investments rather than on a speculative basis, which reduces the number of transactions.

In 2014 the free float of the share has remained unchanged at 34,5%.

Expansion of the property portfolio

A large portfolio clearly offers a number of benefits.

- It helps to **spread the risk** for the shareholders. By investing in real estate properties throughout Belgium, it is possible to cushion potential cyclical movements in the market. This also means that the company is not dependent on one or a small number of major tenants or projects.

- The achieved **economies of scale** make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be paid out. This relates, for instance, to costs of maintenance and repair, the (long-term) renovation costs, consultancy fees, publicity costs, etc.

- With a larger total portfolio, management's **negotiating position** is improved when discussing new lease terms and offering new services, alternative locations, etc.

- It makes it possible for a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, resulting in **increase in shareholder value**. This makes it possible to achieve growth, not only in terms of the rental income, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimization of the portfolio, negotiations on new terms of lease, an improvement in the quality of the tenants, offer of new services, etc.

Expansion of the real estate portfolio can be achieved through a dynamic approach of the market on the one hand, on an internal level through the growth potential of the current property portfolio, and through acquisitions on the other hand.

Vastned Retail Belgium is a very useful partner for investors who wish to contribute their retail properties against the issue of new shares with a view to spreading risk and cutting administrative activities. Retail chains that still own their own properties can also benefit from concluding sale-and-rent-back transactions with Vastned Retail Belgium.

Improvement of risk spread

Vastned Retail Belgium tries to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as clothes, food, do-it-yourself, home interior, etc. Besides, the company strives to maximise the geographic spread of its properties.

The administration of the expiry dates and first interim expiry dates of the lease agreements are submitted to the restrictions by the legislation on commercial leases (Act of 30 April 1951), allowing the tenants to terminate legally their tenancy agreement every three years.

CORPORATE GOVERNANCE STATEMENT

General

The corporate governance statement is in line with the provisions of the Belgian Corporate Governance Code 2009 ('2009 Code') and the Act of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 provided that the 2009 Code is the only code applicable. This Code can be found on the Belgian Official Gazette website and on www.corporategovernancecommittee.be.

Vastned Retail Belgium treats the Belgian Corporate Governance Code 2009 as a reference code. The Vastned Retail Belgium's board of directors have laid down corporate governance principles in a number of guidelines:

- the Corporate Governance Charter
- the code of conduct
- whistle-blowing rules
- the market abuse-prevention directive.

The complete Corporate Governance Charter that sets out the important internal procedures for the management entities of Vastned Retail Belgium, as well as the other directives, are available on the company website (www.vastned.be).

The terms of the Belgian Corporate Governance Code 2009 may only be deviated from when specific circumstances require it. If such an event occurs, the deviation is explained, in accordance with the "comply or explain" principle, in the annual report. The board of directors of the company has judged that it is sometimes justified for the company not to follow certain terms of the Corporate Governance Code 2009. According to the "comply or explain" principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to regulated real estate companies.

Brussels, avenue Louise - 245 m²

Board of directors

Jean-PIerre Blumberg
Chairman, independent director

Plataandreef 7
2900 Schoten - Belgium

Managing partner Linklaters LLP

Term: April 2016
Attendance: 7/7

Nick van Ommen
Independent director

Beethovenweg 50
2202 AH Noordwijk aan Zee - The Netherlands

Director of real estate companies

Term: April 2016
Attendance: 7/7

EMSO sprl permanently represented by Chris Peeters
Independent director

Berchemstadionstraat 76 bus 6
2600 Berchem - Belgium

Transport economist

Term: April 2017
Attendance: 5/7

Hubert Roovers
Director

Franklin Rooseveltlaan 38
4835 AB Breda - The Netherlands

Director of companies

Term: April 2015
Attendance: 7/7

Taco de Groot
Director and effective leader (pursuant to article 14,§ 3 of the RREC Act)

Schubertlaan 16
3723 LN Bilthoven - The Netherlands

Chief executive officer Vastned Retail

Term: April 2017
Attendance: 5/7

Reinier Walta
Director

Bastion 7
1945 EB Beverwijk - The Netherlands

Chief financial officer Vastned Retail

Term: As from 15 December 2015 by cooptation
Attendance: 1/1

Tom de Witte resigned as director of the company on 1 November 2014 (attendance 4/6).

The board of directors comprises as at 31 Decembers 2014 six members, three of whom are independent directors who all three fulfil the conditions of article 526ter of the Belgian Companies Code. All directors are non-executive directors except Taco de Groot.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

The board of directors met seven times in 2014. The most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions in 2014 are:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2014 and the business plan 2015
- discussion on the real estate portfolio (investments and divestments, tenancy issues, valuations, insurances, renovations, etc.)
- change of status to regulated real estate company
- application of the conflict of interest settlement regarding the provision of temporary financing by Vastned Retail nv to Vastned Retail Belgium sa for the financing of the acquisition of the shares of Veldstraat 23-27 sa (see Note 23 of the Financial report).

During financial year 2014, Taco de Groot, Tom de Witte (till 1 November 2014) and Reinier Walta (as from 15 December 2014) have represented the majority shareholder Vastned Retail nv. Furthermore Taco de Groot is the effective leader of the company pursuant to article 14, § 3 of the RREC Act.

The Corporate Governance Charter of the company stipulates that directors resign on the date of the general meeting of shareholders held in the year in which they turn 70 years old. Deviating from this in the interest of the company is only allowed for specific reasons. This is the case with Hubert Roovers who reached the maximum age. The board of directors believed that, based on his vision, competence, knowledge and years of experience in real estate, it was in the interest of the company that Hubert Roovers whose mandate expires in April 2014 would be prolonged for one year and would end at the general meeting of shareholders of 29 April 2015.

Since the passage of the Act of 28 July 2011, quotas are imposed in Belgium in order to ensure that women have a seat on the board of directors of listed companies. As a result, Vastned Retail Belgium must see to it that, in the future, at least one third of the members of the board of directors are female. For companies with a free float of less than 50%, this law applies as from the first day of the eighth financial year that starts following the publication of this law in the Belgian Official Gazette, which is 1 January 2019. In the future, when the mandate of a director ends, Vastned Retail Belgium will select a list of candidate directors on the basis of clear and objective criteria, and in so doing it will take gender diversity into account.



Jean-Paul Sols, ceo

Inge Tas, cfo

Rudi Taelemans, coo

Audit committee

In 2014, the audit committee comprises three independent directors:

- Nick van Ommen (chairman) (attendance 5/5)
- Jean-Pierre Blumberg (attendance 5/5)
- EMSO sprl, permanently represented by Chris Peeters (attendance 4/5)

In 2014, these independent directors fulfil all nine criteria of independence pursuant to article 526ter of the Belgian Companies Code. The term of their mandate in the audit committee is not specified.

The members of the audit committee are experts. Each member of the committee is independently qualified in the area of accountancy and/or auditing. Besides, the audit committee as a whole is qualified. This on two levels: in the area of the activities of Vastned Retail Belgium and in the area of accountancy and auditing.

In 2014, the audit committee met five times. The most important items on the agenda of the audit committee in 2014 have been:

- discussion of the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion of the budgets
- oversight of statutory audit of the (consolidated) annual accounts and analysis of the recommendations of the statutory auditor
- analysis of the efficiency of the internal audit mechanism and risk-management of the company.

The committee reports its conclusions and recommendations directly to the board of directors.

Management committee

As at 31 December 2014, the management committee comprises:

- Sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- Sprl Rudi Taelemans, represented by Rudi Taelemans, chief operating officer
- Inge Tas, chief financial officer.

Jean-Paul Sols sprl, permanently represented by Jean-Paul Sols, and Inge Tas, also hold a management committee's mandate at Intervest Offices & Warehouses sa, public regulated real estate company governed by Belgian law.

Pursuant to article 524bis of the Belgian Companies Code and article 15 of the company's articles of association, the board of directors has delegated specific management authority. The rules pertaining to the composition and operation of the management committee are described in more detail in the company's Corporate Governance Charter that is available on the website (www.vastned.be). Taco de Groot, Tom de Witte (till 1 November 2014) and Reinier Walta (as from 15 December 2014) have represented the majority shareholder Vastned Retail nv. Furthermore Taco de Groot is the effective leader of the company pursuant to article 14, § 3 of the RREC Act.

Evaluation of management entities

Under the direction of the chairman, the board of directors periodically reviews its size, composition, working and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- an assessment is made of the functioning and leadership of the board of directors
- whether major subjects are prepared and discussed thoroughly is checked
- an assessment is made of the actual contribution and involvement of each director in the discussions and decisions
- the composition of the board of directors is assessed with respect to the desired composition of the board
- the functioning and composition of the audit committee is discussed
- the collaboration and communication with the management committee is evaluated.

If the above mentioned evaluation procedures show some weaknesses, the board of directors will have to offer appropriate solutions. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

Conflicts of interest

As far as the prevention of conflicts of interest is concerned, the company is subject to legal rules (articles 523 and 524 of the Belgian Companies Code and articles 36 to 38 of the Act of 12 May 2014 on regulated real estate companies) and to the rules set out in its articles of association and its Corporate Governance Charter.

In this regard, article 17 of the articles of association of the company states the following: *"Directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in articles 36, 37 and 38 of the RREC Act and in the Belgian Companies Code, as these may be amended, where appropriate."*

Conflicting interests of a proprietary nature of directors and members of the management committee

The board of directors, management committee and every member strictly undertake to exclude any possible conflict of interest, whether of a property-related, professional or of any other nature, and intend to carefully comply with the legal rule defined in article 523 of the Belgian Companies Code regarding conflicts of interest between the company and a director.

If, for example, a director of the company, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, article 523 of the Belgian Companies Code shall be applicable and the director in question shall be requested not to participate in the deliberations on decisions or transactions or in the voting (article 523, §1 in fine).

If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the member in question must inform the chairman and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the nature of the decision or transaction is accounted for in the minutes. The minutes also outline the proprietary consequences for the company resulting from this decision. The report of the auditor, to be drawn up in accordance with article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

Conflict of interest for a major shareholder

In case of a potential conflict of interest with a major shareholder of the company, the procedure defined in article 524 of the Belgian Companies Code shall be applicable. Article 524 of the Belgian Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

Conflict of interest on the part of certain individuals mentioned in article 37 of the Act of 12 May 2014 concerning regulated real estate companies

Likewise, article 37 of the Act of 12 May 2014 on regulated real estate companies provides that the Financial Services and Markets Authority (FSMA) must be notified in advance by the RREC of activities planned by the RREC or one of its subsidiaries if one or more of the following persons directly or indirectly acts or act as opposing party (parties) in such activities or draws (draw) any material gain from it: the persons controlling the public RREC or holding a stake in it; the promoter of the public RREC; the other shareholders of all subsidiaries of the public RREC; and the directors, managing directors, the members of the management committee, the persons entrusted with the daily management, the actual managers or mandataries; and the persons linked to all these parties.

These planned transactions must hold an interest for the public RREC, be in line with its strategy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to article 49, § 2 of the Act of 12 May 2014 on regulated real estate companies, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the property expert.

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The provisions of articles 36 and 37 of the RREC Act do not apply to:

- transactions involving a sum that is less than the lowest amount of either 1% of the consolidated assets of the public RREC or € 2.500.000
- the acquisition of securities by the public RREC or one of its subsidiaries in the context of a public issue by a third-party issuer, for which a promoter or one of the persons referred to in article 37, § 1 acts as intermediary within the meaning of article 2, 10° of the Act of 2 August 2002
- the acquisition of or subscription to the shares in the public RREC issued as a result of a decision by the general meeting by the persons referred to in article 37, § 1; and
- transactions involving the liquid assets of the public RREC or one of its subsidiaries, provided the person acting as counterparty has the capacity of intermediary within the meaning of article 2, 10° of the Act of 2 August 2002 and these transactions are executed under normal market conditions.

The procedure for preventing conflicts of interest has been applied during the 2014 financial year in relation to the provision of temporary financing by Vastned Retail nv to Vastned Retail Belgium sa to finance the acquisition of the shares of Veldstraat 23-27 (see Note 23 of the Financial report).

Remuneration report

Appointment and remuneration committee

Vastned Retail Belgium does not have an appointment and remuneration committee. The board of directors of the company is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as tasks of the entire board of directors. Herewith, Vastned Retail Belgium derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on "comply or explain" principle), since the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the company requires too little additional attention to justify a separate committee and its related additional expenses.

Remuneration policy of the board of directors

The board of directors is responsible for the remuneration policy for its members and for the members of the management committee. The remuneration of the directors has to be proposed for approval to the general meeting.

This policy is based on the following principles:

- the remuneration policy for directors and members of management committee is in accordance with all the applicable regulations and in particular with those contained in the RREC Act
- the total remuneration level and structure should be such that qualified and competent persons can be recruited and retained
- the remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted in the medium and long term
- the remuneration policy takes into account the responsibilities and time spent by directors and members of management committee.

Other things being equal, the remuneration policy shall remain applicable for the next two financial years.

Basic remuneration 2014

Directors

In 2014, the annual fixed fee of the directors, who do not represent the majority shareholder, amounts to € 14.000 per year for a member of the board of directors (€ 15.000 per year for the chairman of the board of directors). No additional fees are paid for serving as a member or as a chairman of a committee. The directors representing the majority shareholder perform their duties without remuneration.

No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to article 35 § 1 of the Act of 12 May 2014 on regulated real estate companies, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the company. The directors do not own shares of the company and nor have any options been granted to the directors on shares of the company.

Members of the management committee

The amount of the fixed fee granted as remuneration in 2014 to the members of the management committee, amounts to € 388.560, of which € 122.316 is for the chairman of the management committee. No options have been granted to the management committee on shares of the company.

Bonus for 2013, paid in 2014

The three members of the management committee may be eligible for an annual combined bonus of maximum € 47.000. The amount of bonus to be granted is determined on the basis of measurable criteria linked to agreed performance levels.

In 2013, these criteria were in the area of the improvement of the occupancy rate, investments and divestments as part of the strategy, attracting important retailers, the optimisation of the account management, the prolongation and diversification of financing. Based on targets achieved in 2013, a total bonus of € 43.500 was awarded in 2014. No reclamation rights are foreseen for the variable remuneration.

Besides this regular bonus, a member of the management committee may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus was paid for 2013.

Basic remuneration for 2015 and bonus for 2014

At the general meeting of shareholders of 29 April 2015 will be proposed to adapt the annual fixed remuneration of the independent directors as follows:

- increase from € 14.000 to € 20.000 (except the chairman of the board of directors)
- increase from € 15.000 to € 25.000 for the chairman of the board of directors.

On 1 January each year, the annual fixed fee of the members of the management committee, except the director, is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 1% as at 1 January 2015.

Bonus criteria for 2014 are in the area of the improvement of the occupancy rate, investments and divestments as a part of the strategy and attracting important retailers.

The three members of the management committee may be eligible for financial year 2014 for an annual combined bonus of maximum € 60.000. Based on the target achieved in 2014, a total bonus of € 60.000 is awarded. No additional bonus will be paid for 2014.

Duration and termination conditions

Members of the board of directors are appointed for a period of 3 years, but their appointment may be revoked at any time by the general shareholders meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve (for the cfo) and to eighteen (for the ceo and the coo) months' fixed fee (except for gross negligence or deliberate error, in which case no compensation will be payable).

An additional explanation is given pursuant to article 7.18 of the Belgian Corporate Governance Code 2009, namely that the severance payment for the ceo and the coo amounts to more than the counter-value of twelve months of fixed remuneration, which, however, concerns a contractual arrangement concluded before 1 July 2009 that has not yet constituted the subject matter of an extension since 23 May 2010, as a result of which article 554 of the Belgian Companies Code does not apply.

The constant evolutions in the real estate and financial markets require a continuous monitoring of the strategic, operational and financial risks, as well as of the financial reporting and compliance risks in order to safeguard the results and the financial situation of Vastned Retail Belgium.

Major risk factors and internal control and risk management systems

In 2014, the board of directors of Vastned Retail Belgium once again focuses attention on the risk factors with which Vastned Retail Belgium must contend.

Strategic risks and management

These risks are largely determined by the strategic choices made by Vastned Retail Belgium to limit its vulnerability to external factors. The size of these risks is determined by the strategic choices such as the choice of type of real estate and the time of investment and divestment.

Type of real estate

Vastned Retail Belgium has mainly chosen to invest in commercial properties, with a focus on inner-city shops on top locations. Retail warehouses and retail parks also belong to the portfolio. Furthermore, the company tries to spread as well as possible the geographic locations of its properties.

The real estate patrimony of Vastned Retail Belgium is valued on a quarterly basis by independent property experts. These property experts have the necessary qualifications and significant market experience. The fair value of the buildings, as estimated by them, is entered under the section "Investment properties" in the assets side of the statutory and consolidated balance sheet. Fluctuations in fair values are entered under the section "Changes in fair value of investment properties" in the consolidated and statutory income statements and these can have either a positive or negative effect on the net income. The values established by the experts represent the market value of the buildings. Consequently, fluctuations in the market value of the property are reflected in the net assets of Vastned Retail Belgium, as published on a quarterly basis. Vastned Retail Belgium is exposed to the fluctuation of the fair value of its portfolio, as estimated by the independent assessments.

As at 31 December 2014, a 1% hypothetical negative adjustment of the yield used by property experts for the valuation of the real estate portfolio of the company (yield or capitalisation rate) would reduce the investment value of the real estate by € 54 million or 15%. As a result, the debt ratio of the company would increase by 6% to 37% (in this regard, also see the "Sensitivity analysis" in the Property report).

Time of investment and divestment

Based on the knowledge of economic and real estate cycles, one tries to anticipate as accurately as possible the downward and upward movements of the markets. The normally expected course of the economic cycles can be assessed to the best of one's ability based on economic indicators. The investment market and particularly, the rental market for commercial real estate respond with a certain amount of delay to the volatility of the economic climate. Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to sharp negative adjustments. During this period of economic boom, Vastned Retail Belgium will pursue a fairly moderate policy on investments so as to reduce the risk of making ill-timed investments. In periods of economic recession, the value and occupancy rate of buildings usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing value of buildings and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the company from rising above the permitted levels.

Operating risks and management

These risks arise out of daily transactions and (external) events executed within the strategic framework: investment risks, rental risks, cost control risks, risks relating to a deteriorating condition of buildings and the risk of major works, debtor's risks and legal and tax risks.

Investment risks

The main risks inherent in investing in real estate are related to future negative changes in fair value of investment properties caused primarily by increasing vacancy, unpaid rents, decline in rents when concluding new lease agreements or extending existing lease agreements, and soil contamination.

At Vastned Retail Belgium, internal control measures are taken to reduce the risk of making incorrect investment decisions. For example, the risk profile is always carefully assessed based on market research, an estimate of future yields, a screening of existing tenants, a study of environmental and permit requirements, an analysis of tax risks, etc.

Pursuant to article 49, §1 of the Act of 12 May 2014 on regulated real estate companies an independent property expert values each acquisition or disposal of property. For each disposal, the assessment value determined by the independent property expert is an important guiding principle for the transaction value. Vastned Retail Belgium also carefully ensures that the guarantees offered during the transaction remain limited, in terms of both duration and value.

For each acquisition, Vastned Retail Belgium also carries out a technical, administrative, legal, accounting and tax "due diligence" based on continuous analysis procedures and usually with the assistance of external, specialised consultants.

Rental risks

These risks are related to the nature and location of the real estate property, the extent to which it must compete with nearby buildings, the intended target audience and users, the quality of the real estate property, the quality of the tenant and the lease agreement. Vastned Retail Belgium continuously records the development of these factors. Based on the above criteria, a risk profile is allocated to each property, which is regularly evaluated (based on the company's own local knowledge and data from external parties and/or valuers). Depending on the risk profile, a certain yield must be realised over a certain period, which is compared to the expected yield according to the internal yield model. On the basis of this, an analysis is drawn up of the objects in which additional investments should be made, where the tenant mix must be adapted and which properties are eligible for sale. Vacancy and the vacancy risk are also analysed each month, for which the expiry dates of the lease agreements are taken into account. The fund strives to maintain a balanced distribution of the duration of the lease agreements in compliance with rules defined in the applicable leasing legislation. This allows future lease terminations and agreement revisions to be anticipated in good time.

Cost control risks

There is a risk of the net yield on real estate properties being negatively influenced by high operating costs or investments. Within Vastned Retail Belgium, several internal control measures are implemented that reduce this risk, including regular comparison of maintenance budgets with the actual reality and approval procedures at the time of entering into maintenance and investment commitments. These approval procedures entail, depending on the amount, one or more offers being requested from various contractors. During this process, the asset management department of Vastned Retail Belgium makes a comparison of price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the company.

Debtor's risks

Vastned Retail Belgium follows clear procedures for screening tenants when new lease agreements are concluded. Deposits or bank guarantees are also always recquired when entering into lease agreements. A rental deposit or bank guarantee of six months' rent is provided for in the standard lease agreement used by Vastned Retail Belgium for the rental of its properties. As at 31 December 2014, the actual weighted average duration of the rental deposits and bank guarantees is approximately 5 months (or about € 8 million).

In addition, there are internal control procedures in place to ensure timely recovery of lease receivables and adequate follow-up of rent arrears. Rents are payable in advance on a monthly or quarterly basis. The financial and asset management pays close attention to limiting rent arrears. As at 31 December 2014, the number of days of outstanding customers' credit is only 2 days.

Legal and tax risks

- Contracts and corporate reorganisations

  Before concluding contracts with third parties and depending on their complexity, these are reviewed by external consultants, to reduce the risk of financial loss and damage being caused to the company's reputation due to inadequate contracts. Vastned Retail Belgium is insured against liability arising from its activities or its investments under a third party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 35 million.

  Corporate reorganisations, in which Vastned Retail Belgium is involved (merger, demerger, partial demerger, contribution in kind, etc.), are always subject to "due diligence" activities, guided by external consultants to minimise the risk of legal and financial errors.

- Insurance

  The risk of buildings being destroyed by fire or other disasters is insured by Vastned Retail Belgium for a total reconstruction value of € 124 million (€ 81 million for inner-city shops and € 43 million for retail warehouses), as compared to a fair value of investment properties of € 357 million as at 31 December 2014 (€ 242 million for inner-city shops and € 115 million for retail warehouses). Cover is also provided for vacancy in the buildings due to these events for 36 months rent.

- Taxation

  Taxation plays an important role in the area of real estate investments (VAT, registration fees, exit tax, split acquisitions, property tax, etc.). These tax risks are continuously assessed and where necessary, the assistance of external consultants is used.

- Regulatory and administrative procedures

  The changes in regulations on urban planning and environmental protection can have an adverse effect on the long-term operation of a building by Vastned Retail Belgium. The strict enforcement and observance of urban planning regulations by municipal governments can negatively influence the attractiveness of the building. For example, a reduction in the dimensions of a building imposed as part of thorough renovation can also affect its fair value.

  The exit tax, which is due by companies acquired by the RREC via merger, is calculated while taking Circular Letter Ci.RH.423/567.729 of 23 December 2004 into account. The way in which this circular letter is interpreted or applied in practice can always vary. This "actual tax value", as the circular letter refers to it, is calculated by deducting registration fees or VAT, and differs from the fair value of the property as recorded on the fund's balance sheet (in accordance with IAS 40).

  Finally, the introduction of new or more stringent standards for soil contamination or energy consumption can have a major impact on the costs required to continue operating the property.

Antwerp, Leysstraat - 528 m²

Financial risks and management

The major financial risks are the financing risk, the liquidity risk and the interest-rate risk and the risks associated with banking counterparties.

Financing risk

The real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase in borrowed capital with respect to shareholders' equity can result in a higher yield (known as "leverage"), but can also imply an increased risk. In case of disappointing yields from real estate and a decrease in fair value of investment properties, a high degree of leverage can give rise to the risk of no longer being able to meet interest rate and repayment obligations of borrowed capital and other payment obligations. In such a case, it is not possible to obtain financing with new borrowed capital or this can only be obtained under very unfavourable terms. To continue meeting payment obligations, real estate must then be sold, which entails the risk that this sale cannot be carried out under the most favourable conditions. The value development of the retail portfolio is largely determined by developments in the real estate market. For financing real estate, Vastned Retail Belgium always strives for a balance between shareholders' equity and borrowed capital.

Vastned Retail Belgium also strives to secure access to the capital market by providing transparent information and maintaining regular contacts with bankers and current or potential shareholders and by increasing the liquidity of the share.

Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from if specific market conditions require this. The average remaining duration of the long-term credit agreements as at 31 December 2014 is 2,1 years.

The bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Vastned Retail Belgium or its financial interest charges. These ratios limit the amount that could still be borrowed by Vastned Retail Belgium. These ratios were respected as at 31 December 2014. If Vastned Retail Belgium were no longer to respect these ratios, the financing agreements of Vastned Retail Belgium can be cancelled, renegotiated, terminated or prematurely repaid.

Vastned Retail Belgium is limited in its borrowing capacity by the maximum debt ratio permitted by the regulations on regulated real estate companies. Within the legally defined limits of the 65% ratio, the theoretical additional debt capacity of Vastned Retail Belgium amounts to approximately € 350 million in case of an unchanged valuation of the existing real estate portfolio. As at 31 December 2014 the debt ratio amounts to 31%.

Liquidity risk

Vastned Retail Belgium must generate sufficient cash flow to meet its day-to-day payment obligations. On the one hand, this risk is limited by the measures mentioned under operational risks, which reduces the risk of loss of cash flow due to e.g. vacancy or bankruptcies of tenants. On the other hand Vastned Retail Belgium has to dispose of sufficient credit margin to absorb fluctuations in liquidity needs. For this purpose cash flow prognoses are made. In addition, Vastned Retail Belgium has provided for a sufficient credit margin with its bankers to absorb fluctuations in liquidity requirements. In order to avail itself of this credit margin, the convenants of credit facilities must be complied with on a continuous basis.

As at 31 December 2014, Vastned Retail Belgium has non-withdrawn credit lines of € 31 million available for its operations and dividend payment.

Interest rate risk

As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one-third short-term borrowed capital (with a variable interest rate) and two-thirds long-term borrowed capital (with a fixed interest rate). Depending on the developments in interest rates, derogation from this may occur. Additionally, the company tries, with respect to the long-term borrowed capital, to achieve a balanced spread of the dates of review of the interest rates and duration of minimum 3 years.

As at 31 December 2014, 75% of the credit lines of the company are financing with a fixed interest rate or are fixed by interest rate swaps. 25% of the credit facilities have a variable interest rate. The fixed interest rates are fixed for a remaining average duration of 3,6 years.

Risk associated with banking counterparties

The conclusion of a financing contract or investment in a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default. In order to limit this counterparty risk, Vastned Retail Belgium takes the assistance of various reference banks in the market to ensure a certain diversification of its sources of financing and its interest rate hedges, with particular attention for the price-quality ratio of the services provided.

Vastned Retail Belgium maintains business relations with 5 banks:

- banks providing financing are: ING Belgium sa, BNP Paribas Fortis sa, Bayerische Landesbank sa, Belfius Bank sa and KBC Bank nv
- banks which are counterparties for the interest rate hedges are: BNP Paribas Fortis sa, ING Belgium sa and KBC Bank nv

Vastned Retail Belgium regularly reviews the list of its banking relationships and the extent of its exposure to each of these. In the current context of the crisis in the banking sector, it is possible that one or more of the banking counterparties of Vastned Retail Belgium can remain in default. The financial model of Vastned Retail Belgium is based on a structural debt burden, which implies that its cash position at a financial institution is usually quite limited. As at 31 December 2014, this cash position amounts to € 0,3 million.

Financial reporting risks and management

The financial reporting risk is the risk that the company's financial reports contain material inaccuracies, in which case stakeholders would receive incorrect information regarding the operational and financial results of the company, as well as the risk that the deadline imposed by the regulations for financial reporting is not honoured. This can result in damage to the company's reputation, and stakeholders could make investment decisions which are not based on the right information, which in turn could result in claims being filed against the company.

Each quarter, a complete closing and consolidation of the accounts is prepared and published. To optimise the financial reporting process, the finance department always draws up a schedule with deadlines for all the tasks to be completed. Subsequently, the financial team prepares the quarterly figures and balance sheets quarterly figures are always analysed in detail and checked internally.

To reduce the risk of errors in the financial reporting, these figures are discussed within the management committee and their accuracy and completeness checked via analyses of rental income, operational costs, vacancy, rental activities, the evolution of the value of the buildings, outstanding debtors, etc. Comparisons with forecasts and budgets are discussed. After this, the management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. In addition, the half-yearly and annual figures are always checked by the statutory auditor.

Compliance risks and management

This includes the risk of an inadequate level of compliance with relevant laws and regulations and the risk of employees not acting with integrity. Vastned Retail Belgium limits this risk by screening its employees at the time of recruitment, by creating awareness among them regarding this risk and by ensuring that they have sufficient knowledge of the changes in the relevant laws and regulations, assisted in this regard by external legal advisers. To ensure a corporate culture of integrity, Vastned Retail Belgium has in the past defined an internal code of conduct and whistleblowing rules. Moreover, the company has instituted adequate internal control mechanisms based on the four-eyes principle. These mechanisms are designed to limit the risk of dishonest behaviour.

Article 17, § 4 of the RREC Act stipulates that the public RREC *"must take the necessary measures to be able at all times to access an appropriate independent compliance function so as to ensure compliance by the public RREC, its directors, effective leader, employees and agents with the laws relating to the integrity of the business of a public RREC"*. Article 6 of the Royal Decree on RREC stipulates that the public RREC *"must take the necessary measures to be able to permanently access an appropriate independent compliance function. The compliance function is appropriate when it ensures with reasonable certainty compliance by the public RREC, its directors, effective leader, employees and agents with the laws relating to the integrity of the business of a public RREC"*.

The "independent compliance function" can be understood as an independent function within the company focused on examining and promoting compliance by the company with the rules relating to the integrity of its business activities. The rules concern those resulting from the company's policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner.

Inge Tas, member of the management committee and cfo, is appointed head of the independent compliance function. She has a four-year mandate in relation to the independent compliance function.

Antwerp, Leysstraat - 140 m²

Risks associated with the status of public regulated real estate company

Since 27 October 2014, the company has the status of public regulated real estate company. As a public regulated real estate company, Vastned Retail Belgium is governed by the provisions of the Act of 12 May 2014 on regulated real estate companies and the Royal Decree of 13 July 2014 on regulated real estate companies.

As a public RREC Vastned Retail Belgium is exposed to the risk of future changes in the law governing RREC. In addition, there is also the risk of losing the status of public RREC. In that case, Vastned Retail Belgium would lose the advantage of the favourable tax system applicable to RRECs. Furthermore, the loss of this status would generally be seen as an event whereby the loans that Vastned Retail Belgium has taken out become due immediately.

Retaining the status of public RREC has the constant attention of the board of directors and the management committee. As such, the distribution requirement and funding limits are calculated or determined periodically and on an ad-hoc basis when refinancing, investing and preparing the dividend proposal.

Other parties involved

Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is the cooperative partnership Deloitte Réviseurs d'Entreprises SC, which is represented by Kathleen De Brabander, auditor.

Property experts

In 2014, the real estate portfolio is valued every quarter by two independent experts, Cushman & Wakefield and CB Richard Ellis, each for a part of the portfolio, based on a rotation principle.

Independent control functions

As part of its internal controls, each public RREC must implement internal audit procedures, a risk management policy and an integrity policy. This is supervised by the person responsible for the internal audit function, the risk management function and the compliance function, respectively, in accordance with article 17, § 3, 4 and 5 of the RREC Act (together these are the "independent control functions").

In the context of the conversion of the status of Vastned Retail Belgium to a RREC, on 27 October 2014 persons are appointed who are responsible for the internal audit function, the risk management function and the compliance function.

3 Results (rental income and capital gains from sales less operating expenses and financial charges) are exempt from corporation tax as far as the public RREC is concerned; only disallowed expenses and abnormal benefits are taxed. It can also be subjected to the special secret commissions tax of 309% on commissions and remunerations paid that are not properly documented in individual pay sheets and a summary statement.

Independent internal audit function

The internal audit can be understood as an independent evaluation function, embedded in the organisation, aimed at examining and evaluating the proper operation, the effectiveness and the efficiency of the processes and procedures applied by the company in the carrying out of its activities. The person responsible for the internal audit can provide the various members of the organization with analyses, recommendations, advice, evaluations and information concerning the activities examined in connection with the execution of their responsibilities.

This internal audit concerns, among other things, the operation, effectiveness and efficiency of processes, procedures and activities relating to:

- operational matters: quality and suitability of systems and procedures, organisational structures, policies and methods and resources used in relation to objectives
- financial matters: reliability of accounting, the financial statements and the financial reporting process, and compliance with applicable (accounting) regulations
- management matters: quality of the management function and staff services in the context of the company's objectives
- risk management and compliance.

Vastned Retail Belgium has appointed the external consultant BDO (represented by its permanent representative, Lieven Van Brussel - Partner (BDO Risk & Assurance Services)) as the party responsible for the internal audit, with Taco de Groot, director and member of the management committee of Vastned Retail Belgium, being appointed as the non-operational effective leader who controls the internal audit function as exercised by BDO from within the company and is thus regarded as having ultimate responsibility for internal audit. The mandate of BDO as external consultant as well as the mandate of Taco de Groot as the person ultimately responsible for internal audit is for 4 years.

Independent risk management function

In the context of the risk management policy, the company will ensure that the above risks to which it is exposed (strategic, operational, financial, financial reporting and compliance risks) are assessed, controlled and monitored in an effective manner.

With this aim in mind, Vastned Retail Belgium has charged a person with the risk management function who is responsible for, among other things, preparing, developing, monitoring, updating and implementing risk management policy and risk management procedures.

From the conversion of the status of the company to public RREC, the independent risk management function is carried out by Inge Tas, member of the management committee and cfo. Inge Tas has a four-year mandate in relation to the independent risk management function.

Independent compliance function

Rules regarding compliance and integrity are included in the function of the compliance officer. In accordance with principles 3.7 and 6.8 together with Annex B to the Belgian Corporate Governance Code 2009 of the Corporate Governance Commission, the company has appointed Inge Tas, member of the management committee and cfo, as compliance officer, responsible for supervising compliance with the rules on market abuse as imposed by, among other things, the Act of 2 August 2002 on supervision of the financial sector and financial services and Directive 2003/6/EC on insider dealing and market manipulation. The compliance officer also sees to it that the company complies with the laws, regulations and rules of conduct that apply to it. To ensure a corporate culture of integrity, Vastned Retail Belgium sa has defined an internal code of conduct and whistleblowing rules.

As stated above, the "independent compliance function" can be understood as an independent function within the company focused on examining, and promoting, compliance by the company with the rules relating to the integrity of its business activities. The rules concern those resulting from the company's policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner.

Inge Tas, member of the management committee and cfo, is appointed head of the independent compliance function. She has a four-year mandate in relation to the independent compliance function.

Bruges, Steenstraat - 2.058 m²

"Comply or explain"-principe

In 2014, the company deviated from the following stipulations of the Belgian Corporate Governance Code 2009 (explain):

Clauses 5.3 and 5.4 on the operation of committees (incl. appendix D and E)

The board of directors decided not to set up an appointment committee or a remuneration committee. It is the opinion of the board that tasks of these committees are tasks of the full board of directors. The limited size of the board makes an efficient debate on these subjects possible.

Clause 2.9 Company secretary

The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communication within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors make such a position superfluous.

Determination of the age limit

The Corporate Governance Charter of the company stipulates that directors resign on the date of the general meeting of shareholders held in the year in which they turn 70 years old. Deviating from this in the interest of the company is only allowed for specific reasons. This is the case with Hubert Roovers who reached the maximum age. The board of directors believed that, based on his vision, competence, knowledge and years of experience in real estate, it is in the interest of the company that Hubert Roovers whose mandate expires in April 2014 would be prolonged for one year and would end at the general meeting of shareholders of 29 April 2015.


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Report of the management committee

Bruges, Steenstraat - 941 m^2

THE RETAIL PROPERTY MARKET IN 2014[4]

In early 2014 turnover in the retail market stabilises, with slight growth in February. The previously cautious outlook of retailers has been adjusted in the second quarter of 2014 due to sales growth in May and June compared with the same period in 2013. Despite the generally cautious economic climate and hesitant consumer confidence, retail activity grows in August. The downward pressure on rents continues mostly in high streets, which make the market favourable for lessees. In the last quarter of 2014, short-term economic growth remains below expectations and wages remain lower. Government expenditure increases, which has a positive impact on GDP.

Owing to the pressure on rents in the rental market, a power shift takes place in the negotiating position from owner to tenant.

In the investment market, the last quarter is the strongest, with a total volume of € 337 million. With this, the total volume for 2014 amounts to € 631 million, 15% down on 2013.

Sustainability continues to play a limited role in the retail market when choosing a retail location.

Rental market

In the first half of 2014, culminating in the third quarter, rents remain under pressure. The turnover of retailers exhibited a similar pattern whereby demand for new space remains weak, even in prime locations. The prime high streets in the major cities for the most part do well due to the (planned) presence of retailers such as Primark, Marks & Spencer, Zara and Uniqlo, which lease large properties. In the 6 Belgian prime high streets, some prime locations also experience a downward adjustment in rents. There is less interest than before in prime locations that became vacant, and therefore fewer deals close. Concluding transactions take more time. Rents in the high streets stabilises in the second half of the year. The secondary high streets and smaller cities continue to grapple with vacancies and pressure on rents. Sufficient return for retailers is crucial, especially in these locations. Generally, there is greater availability.

After three quarters with rather low activity, the last quarter of 2014 shows a slight improvement in the rental market with a take-up of 134.000 m², accounting for 40% of total take-up in 2014, in particular thanks to some major leases. For example, Primark is good for a total of 12.150 m² spread over 3 locations, just like Mediamarkt with 11.550 m², also at 3 locations.

There is growing demand for space outside cities on the part of several traditional city retailers. There is a trend towards higher quality architecture which, combined with more attractive prices on the periphery, also attracts better inner-city brands, for example H&M. This, however, only applies to the best locations in this segment. The periphery is moreover the most active and best-performing segment in 2014, especially in retail parks. Demand is higher in this segment compared to the rest of the market. Expanding retailers such as Albert Heijn and typical city centre retailers become extremely active in these locations.

In terms of supply, only Docks Bruxsel starts construction in the second quarter and it is expected to be completed by 2016. The other two projects in the pipeline in the north of Brussels, Uplace and Neo-Europea, are facing legal hurdles and are heading towards longer periods of delay.

4 The market information in this text is based on Cushman & Wakefield, Marketbeat Retail Snapshot Q1-Q4, Cushman & Wakefield, Vastned Retail Belgium Portfolio 31 December 2014, market overview p. 12 - 18; CBRE Belgium Retailer Survey 2014, p. 2 - 5; CBRE interview Kim Verdonck, dated 14/1/2015 and CBRE's annual review of retail activity in 2014.

Brussels, chaussée d'Ixelles - 6.604 m²

Investment market

In the first quarter of 2014, only a limited number of transactions have been concluded with a total value of € 73 million. Activity remains high with a number of medium-sized and large transactions in the pipeline for the second quarter. The largest transaction is the acquisition of 3 Hubo shops by Retail Estates for € 10,6 million and a yield of 6,4%.

In the second quarter of 2014 a total of € 113 million in transactions have taken place: mainly a series of transactions involving smaller shopping towns and retail warehouses.
The largest transaction is the acquisition of the Carrefour Centre in Evere (Brussels) from Redevco by Teychené for approximately € 25 million. Prime yields remain stable at 4,5% for the premium city high street shops.

The larger transactions in the pipeline take more time than expected and provide a slight increase in investor activity to € 148 million in the third quarter. This is primarily driven by small scale high street deals pressuring prime yields further to 4,25% in the premium high street locations in Brussels, and to 4,5% in Ghent.

The largest transaction is the acquisition of the Ring Shopping Centre Kortrijk from Redevco by Wereldhave Belgium for approximately € 40 million.

Other acquisitions: the H&M shop in Veldstraat in Ghent is sold to Vastned Retail Belgium for about € 27,7 million and Tommy Hilfiger in the same street is bought by a private investor for approximately € 12,6 million. French REIT Sofidy sa bought various high street locations in several Belgian towns from Bermaso for € 16 million.

Not surprisingly, the last quarter of 2014 is the strongest with a total transaction volume of € 337 million. With this, the total volume for the year amounts to € 631 million, 15% down on 2013. In the first three quarters it mainly involve small scale high street transactions; in the last quarter the eye-catcher is mainly the "out-of-town" segment with 9 transactions totalling € 159 million.

Vastned Retail Belgium has recorded the largest transaction with the sale of a portfolio, which includes Julianus Shopping in Tongeren, to a French private investor for € 35,6 million.

Since July 2014, competence for retail permits is regionalised. In Flanders, a policy is expected that tends to support the city centres. In its draft memorandums the Walloon decree provides for limiting permits to 20 years. The effect of this is yet to be seen.

Sustainability

Sustainability is not as important for retail properties as it is in the office market. In the retail market, sustainability plays a much smaller role when choosing a location. When new retail warehouses and shopping centres are built, however, attention is definitely paid to the sustainability aspects of the property.

This does not mean that sustainability is not important to retailers: they think about environmentally efficient lighting and air conditioning, and sustainability is also an important issue with regard to the production process. However, in terms of the property itself, sustainability is often not a criterion.

IMPORTANT DEVELOPMENTS IN 2014

The acquisition of the shop in Ghent fits Vastned Retail Belgium's investment strategy of focusing on inner-city shops in prime locations in the most popular shopping streets of larger cities with firmly based shopping precincts.

Investments

Regarding new investments, the focus of Vastned Retail Belgium is on high-quality retail property in prime locations in the centre of major cities in Belgium such as Brussels, Antwerp, Ghent and Bruges.

Acquisition of an inner-city shop in a prime location on Veldstraat, Ghent

After the purchase in 2013 of the magnificent historic property in Bruges at Steenstraat 38, in late July 2014, Vastned Retail Belgium again succeeds in acquiring an inner-city shop in a prime location, this time at Veldstraat 23-27 in Ghent, which is leased to H&M. The shop is located in the best part of Veldstraat, on the corner with Bennesteeg, and has a frontage of 25 meters on Veldstraat and 28 meters on Bennesteeg.

Ghent is one of the top three retail cities in Belgium, and the footfall in Veldstraat averages 150.000 people per week. Vastned Retail Belgium strengthens its position with this acquisition in Ghent, where it also owns other retail properties on Veldstraat, Zonnestraat and Volderstraat.

The commercial surface area of this inner-city shop consists of a ground floor of 1.025 m² and a first floor of 850 m². The first and second floors also have storage and social areas, as well as technical areas.

H&M is a Swedish fashion chain with more than 3.200 branches in over 54 countries and approximately 116.000 employees. Besides H&M, the group consists of 5 other independent brands: COS, Monki, Weekday, Cheap Monday plus '& Other Stories', which was launched in March 2013.

This retail property is acquired for an investment value of roughly € 27,7 million and at a yield in line with the market. This acquisition will generate a rental income stream for the company of roughly € 1,1 million annually and contribute to the consolidated operating distributable result. The transaction is funded from the company's existing credit lines and via the takeover of the loans of the acquired company.

Ghent, Veldstraat - 2.690 m²

In 2014, Vastned Retail Belgium has divested 19 non-strategic retail warehouses and inner-city shops in secondary locations with a total fair value of € 42,9 million, approximately 12% of its total real estate portfolio.

Divestments

It is the strategy of Vastned Retail Belgium to reduce in the long term the share of retail warehouses in the company's real estate portfolio and to move towards a 75% share of inner-city shops in the portfolio, preferably in prime locations.

The properties of Vastned Retail Belgium are continuously evaluated based on their future position in this strategy and their contribution to return. This way, properties are regularly destined for sale for various reasons:

- the properties are located where no growth is expected or where attractiveness has decreased
- these are detached properties that are increasingly less sought after by retailers.

In 2014, Vastned Retail Belgium has divested a total of 19 non-strategic retail warehouses and inner-city shops in secondary locations with a total fair value of € 43 million.

These divestments involve the Julianus Shopping in Tongeren and retail properties in Vilvoorde, Hoboken, Bree, Chênée, Flémalle, Genk, La Louvière, Malmédy, Mons, Sint-Pieters-Leeuw, Waterloo, Antwerp and Westerlo. Hasselt and Wilrijk with a total gross retail area of roughly 39.000 m².

The total selling price is on average about 1% lower than the fair value as at 31 December 2013 (fair value as determined by the independent property expert of the company). The net selling price (including after deduction of sales costs and VAT adjustment) is approximately 4% lower than the fair value as at 31 December 2013. The 19 retail properties together make up 12% of the total fair value of the company's real estate portfolio.

The combined annual rental income of the divested retail properties amounts to € 3,6 million, or roughly 16% of the company's total annual rental income.

"The divestments we have carried out in 2014 are fully in line with our strategy to focus on shops in prime locations in town centres. As a result of these divestments, combined with the acquisition of the prime retail property in Ghent's city centre, the occupancy rate of the portfolio has increased to almost 98% and the share of inner-city shops in the real estate portfolio has increased to 68% as at 31 December 2014."

JEAN-PAUL SOLS - CHIEF EXECUTIVE OFFICER

Intensification of investment strategy

Ghent, Veldstraat - 2.690 m²

Over the past year, Vastned Retail Belgium has achieved its stated goal of increasing the share of inner-city shops in the portfolio to 65%. Based on currently identifiable trends, Vastned Retail Belgium intends to intensify this strategy by pursuing a target of 75% for premium city high street shops. Premium cities are attractive shopping cities that have positive demographic growth, strong purchasing power, a historic city centre, are highly attractive to tourists and are home to national and international institutions and universities. These include cities such as Antwerp, Brussels, Bruges and Ghent. Vastned Retail Belgium will focus exclusively on the prime high streets in the historic centres of these cities. At present, 49% of the portfolio has already been invested in these types of locations. The aim is to achieve the strategic goal of investing 75% of the portfolio in these markets through acquisitions and divestments. For the remaining 25%, Vastned Retail Belgium will continue to invest in high-quality retail warehouse locations and inner-city locations in other cities.

Evolution in fair value of real estate portfolio

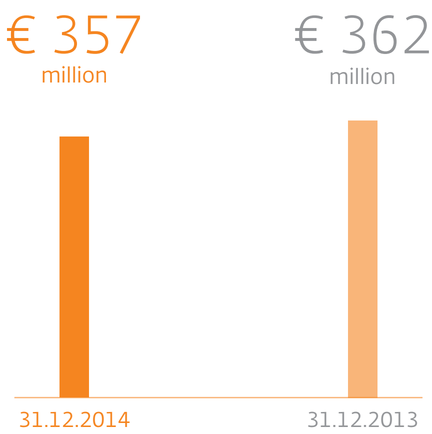
In 2014, the fair value of the investment properties of Vastned Retail Belgium decreases by € 5 million compared to the fair value as at 31 December 2013 and amounts as at 31 December 2014 to € 357 million (€ 362 million as at 31 December 2013).

This decrease can be detailed as follows (in million €):

Fair value of the portfolio at 1 January 2014	362
• acquisitions of investment properties	27
• disposals of investment properties	-43
• investments in the existing portfolio	0
• unrealised capital gains	16
• unrealised capital losses	-5
Fair value of the portfolio at 31 December 2014	357

This decrease is the combined effect of the investment in an inner-city shop in Ghent with a fair value of € 27 million, the divestment of 19 non-strategic properties with a total fair value (as at 31 December 2013) of € 43 million and the increase in fair value of the existing real estate portfolio by € 11 million.

Fair value of investment properties (%)



Leases

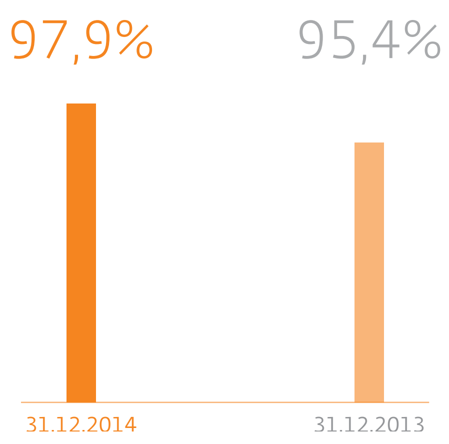
In the area of leases, 2014 has been an active year for Vastned Retail Belgium. A total of 27 rental transactions are concluded that are valued at € 3,6 million in annual rental income. This represents roughly 16% of the company's total annual rental income. The average rent increase in these transactions is about 5%. In 2014, 21 agreements have gone into force, with the rest to commence in 2015 or later.

Given current market conditions, it is often not possible to realise a substantial increase in rent when leasing to new tenants, especially in secondary locations where it is often necessary to lower the rent. When lease agreements are extended with existing tenants, a rent increase can be achieved if these involve prime locations, both in the city centres of the top shopping cities (Antwerp, Brussels, Ghent and Bruges) and in the best retail warehouse parks (Gouden Kruispunt in Tielt-Winge).

This is also reflected in the fair value of the investment properties of Vastned Retail Belgium, which have experienced stronger yields for prime locations over the course of 2014. Moreover, the improvement made to the quality of the real estate portfolio via the acquisition of an inner-city shop in a prime location in Ghent and the divestment of 19 non-strategic properties has caused the average yield in the real estate portfolio of Vastned Retail Belgium to decrease for both retail warehouses and inner-city shops. As at 31 December 2014, the **average yield** of retail warehouses is 6,9% (7,3% as at 31 December 2013) and for inner-city shops this is 5,2% (5,6% as at 31 December 2013).

The **occupancy rate** of the portfolio amounts to 97,9% on 31 December 2014. The increase of 2,5% relative to 31 December 2013 is the result of divestments in properties with a low occupancy rate as well as leases, mainly in Brussels, Philippeville and Turnhout. The occupancy rate of the real estate portfolio excluding buildings undergoing renovation is 98,5% as at 31 December 2014 (5,6% as at 31 December 2013).

Occupancy rate (%)



Lease renewals and renegotiations with existing tenants

In 2014, Vastned Retail Belgium has renewed 14 lease agreements for an annual rental volume of roughly € 2,5 million, or approximately 11% of the company's total rental income. The new rent for these lease agreements is on average 7% higher than the rent currently being charged for these lease agreements.

There have been 10 transactions concluded for **retail warehouse locations** for an annual rental volume of € 0,8 million and with an average rent increase of 18%. Six of these 10 lease agreements are extended based on the same lease terms. In the retail warehouse park in Philippeville, a 7% increase in rent is attained. Vastned Retail Belgium also could manage to conclude two major transactions for lease extensions in the Gouden Kruispunt retail park in Tielt-Winge. The rents charged, which over the years had fallen below the market rent, are raised by almost 50% over the previous rent level. This is evidence of the quality of this top retail warehouse project. There continues to be a marked discrepancy between the rent levels of primary and secondary locations in 2014.

Properties in the centres of the major Belgian shopping cities remain popular among competitive retailers, and existing tenants are willing to pay higher rent in order to preserve their name recognition at certain good locations. As a result, Vastned Retail Belgium has attained a 2% rent increase on lease extensions for its **inner-city shops** on an annual rental volume of € 1,7 million in four transactions. This rental volume represents roughly 8% of the company's annual rental income. Two of these four lease extensions are concluded with H&M for their shops on Steenstraat in Bruges and on Bondgenotenlaan in Leuven. These lease extensions are concluded for the same lease terms as those currently in force, and the tenant is also undertaking major renovations at its own expense. H&M completely renovated its shop on Leuven's Bondgenotenlaan. For its building in Bruges, H&M also completely renovated and expanded the shop, which occupies three levels (ground, 1st and 2nd floors). The adjoining ground floor shop - which until end of September is still being operated by For Men - as well as various storage rooms on the 1st and 2nd floors are now incorporated into the current H&M shop.

Philippeville, Zoning des Quatre Bras - 3.689 m²

Louvain, Bondgenotenlaan - 1.495 m²

New leases

In 2014, 13 transactions are concluded with new tenants that generate an annual rental volume of € 0,9 million. The rent for these transactions is on average 1% lower than the previous rent.

This decline in rent is concentrated in the **retail warehouses**, which generate an annual rental volume of € 0,2 million in 9 transactions with an average rent decrease of 6%. All of these leases are for properties in secondary locations. 4 of the 9 rental transactions are concluded for vacant units in the Rooseveltcenter in Vilvoorde, which is divested in late December 2014. In the retail park in Philippeville, a new lease agreement is concluded with a rent increase of 11% for the opening of a Cassis-Paprika shop of 400 m². Cassis-Paprika is an attractive Belgian fashion retailer that also has a presence in France, Luxembourg and the Netherlands.

For the **inner-city shops**, four transactions are concluded for € 0,7 million in annual rental income. These transactions have produced an average rent increase of 1% compared to the previous level. In late 2014, G-Star Raw has opened a flagship store in a prime location at Huidevettersstraat 12 in Antwerp. Until recently, this shop was leased to a local multi-brand shop. G-Star Raw has completely renovated the store. With a surface area of 530 m², the Antwerp branch is the second-largest G-Star Raw outlet in the world.

One new inner-city tenant is the French chain The Kase in Jardin d'Harscamp in Namur. This newcomer on the Belgian market is an established retail chain in France that has international growth aspirations. The Kase specialises in (personalised) cases for smartphones and tablets.

One of the rental transactions involves the lease of the property located at Gasthuisstraat 32 in Turnhout. Turnhout's city centre has struggled with vacancies for several years, and this strategically located property - on the best section of the high street – has been difficult to lease. The property has a large retail surface area of over 1.500 m² split over two floors. Since late October 2014, the Spanish fashion giant Desigual has occupied the ground floor of the building. Desigual is already a tenant of Vastned Retail Belgium in Jardin d'Harscamp in Namur, and owing to the existing agreements a transaction is readily concluded.

Antwerp, Huidevettersstraat - 684 m²

Namur, Place de l'Ange - 2.270 m²

Change from property investment fund to regulated real estate company (RREC)

As a result of the publication of the Act of 12 May 2014 concerning regulated real estate companies (RREC Act) and the Royal Decree of 13 July 2014 on regulated real estate companies (RREC-RD), Vastned Retail Belgium decided to change its status and adopt that of a public regulated real estate company ("public RREC").

Firstly, it is the intention of the company to position itself as an REIT (Real Estate Investment Trust) to improve visibility and understanding on the part of international investors and to avoid being seen as an "alternative investment fund", a qualification which henceforth will apply to property investment funds, which would mean that the economic model for an alternative investment fund, subject to the Act of 19 April 2014 on alternative undertakings for collective investment and their managers, wherein the AIFMD directive is transposed, would have to be respected.

In this context, Vastned Retail Belgium submitted its permit application as a public regulated real estate company to the FSMA on 14 August 2014. The company was subsequently granted the status of public regulated real estate company by the FSMA pursuant to articles 9, §3 and 77 of the RREC Act on 22 September 2014, under the suspensive condition of a change in the articles of association of the company and compliance with the stipulations of article 77, §2 and following of the RREC Act.

To this end, the company then convened an extraordinary general meeting on 27 October 2014 to amend the articles of association of the company in view of the change of status from a real estate investment fund to a publicly regulated real estate company. This extraordinary general meeting approved the transformation with a 100% majority. Since no right of withdrawal was exercised and all suspensive conditions to which the amendment to the articles of association was subjected were immediately met, as from 27 October 2014, Vastned Retail Belgium has acquired the status of public RREC.

As a public regulated real estate company, the company is no longer subjected to the stipulations of the Royal Decree of 7 December 2010 regarding property investment funds and the Act of 3 August 2012 regarding certain forms of collective management of investment portfolios, and since 27 October 2014 the applicable legislation consists of the RREC Act and the RREC Royal Decree.

Vastned Retail Belgium is pleased with this new status that is better adapted to the economic reality and provides a modified legal framework that is in line with the capacity of Vastned Retail Belgium as an operational and commercial real estate company. This status allows Vastned Retail Belgium to continue its current operations in the interest of the company, its shareholders and other stakeholders.

Namur, Place de l'Ange - 2.270 m²

FINANCIAL RESULTS[5]

Consolidated income statement

in thousands €	2014	2013
Rental income	22.011	21.743
Rental-related expenses	-81	-72
Property management costs and income	43	37
Property result	**21.973**	**21.708**
Property charges	-2.468	-2.276
General costs and other operating costs and income	-1.223	-989
Operating result before result on portfolio	**18.282**	**18.443**
Result on disposals of investment properties	-1.870	273
Changes in fair value of investment properties	11.102	-3.030
Other result on portfolio	-1.305	-154
Operating result	**26.209**	**15.532**
Financial result (excl. changes in fair value - IAS 39)	-4.191	-4.891
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-1.240	1.586
Taxes	-290	-33
NET RESULT	**20.488**	**12.194**
Note:		
Operating distributable result[6]	13.801	13.448
Result on portfolio	7.927	-2.911
Changes in fair value of financial assets and liabilities(ineffective hedges - IAS 39) and other non-distributable elements	-1.240	1.657

RESULT PER SHARE	2014	2013
Number of shares entitled to dividend	5.078.525	5.078.525
Weighted average number of shares	5.078.525	5.078.525
Net result (€)	4,03	2,40
Gross dividend (€)	2,72	2,65
Net dividend (€)	2,0400	1,9875

5 Comparative figures for the financial year 2013 between brackets.

6 For the calculation of the operating distributable result: see Note 13 of the Financial report.

Notwithstanding the divestment of approximately 12% of the real estate portfolio, rental income of Vastned Retail Belgium increases in 2014 by € 0,3 million or 1% through the acquisition of two inner-city shops in prime locations, indexations and rental renewals.

In 2014, **rental income** of Vastned Retail Belgium amounts to € 22,0 million (€ 21,7 million). The increase of € 0,3 million or 1% compared to 2013 is mainly due to the acquisition of two premium high streets shops in the centre of Bruges in May 2013 and in Ghent in July 2014, as well as to indexations of existing lease agreements and realised rental renewals, partly compensated by the divestment of approximately 12% of the real estate portfolio in 2014.

Property charges of the company increase in 2014 by € 0,2 million to - € 2,5 million (- € 2,3 million) as a result of higher technical costs for planned roof renovations and increased commercial costs, mainly brokers' fees for lettings.

General costs and other operating costs and income increase in 2014 to - € 1,2 million (- € 1,0 million) mainly through advice and publishing costs for the status change of the company from real estate investment company into public regulated real estate company.

Through the increase in rental income, compensated by the increase of property charges and general costs, the **operating result before result on portfolio** decreases in 2014 by € 0,1 million to € 18,3 million (€ 18,4 million).

The **result on disposals of investment properties** amounts to - € 1,9 million (€ 0,3 million) and comprises the loss which is realised on the divestment of 19 non-strategic retail warehouse properties and inner-city shops in secondary locations. The total sales prices of the divested properties is approximately 1% lower than the fair value as at 31 December 2013 (fair value as estimated by the independent property expert of the company). The net sales price (after deduction of the sales costs and the VAT revision) is approximately 4% lower than the fair value as at 31 December 2013.

In 2014 the fair value of the existing real estate portfolio of Vastned Retail Belgium increases by 3% compared to the end of 2013. The **changes in fair value of investment properties** in 2014 are thus positive and amount to € 11,1 million compared to the negative changes in fair value of - € 3,0 million in 2013. This increase in fair value in 2014 comes mainly from retail properties in prime locations, in the inner-city of important cities as well as in retail parks in the periphery through the sharpening of the yields during 2014.

The operating margin of Vastned Retail Belgium is 83% for financial year 2014 (85% in 2013).

In 2014 the fair value of the existing real estate portfolio of Vastned Retail Belgium increases by 3% compared to the end of 2013 which confirms the quality of the portfolio.

The **other result on portfolio** amounts to - € 1,3 million and comprises the immediate write off of the difference in price of - € 1,1 million on the acquisition of the shares of the company Veldstraat 23-27 sa (owner of the premium high street shop in Ghent) at the end of July 2014. IFRS 3 is not applicable on this acquisition.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounts for financial year 2014 to - € 4,2 million (- € 4,9 million). The decrease of € 0,7 million or 14% results mainly from the start of interest rate swaps (for hedging credit facilities with a variable interest rate) at lower interest rates than the interest rate of the interest rate swaps which have expired. The average interest rate of the company for 2014 decreases to 3,2% including bank margins compared to 4,0% for financial year 2013.

For financial year 2014, the average interest rate of the outstanding credit facilities of the company amounts to 3,2% including bank margins (4,0% in 2013).

Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) in 2014 include the increase of the negative market value of interest rate swaps that, in line with IAS 39, cannot be classified as cash flow hedging instruments, for an amount of - € 1,2 million (€ 1,6 million). This results from the decrease of the interest rate curve.

The **net result** of Vastned Retail Belgium amounts to € 20,5 million (€ 12,2 million) for financial year 2014 and can be divided in:

- the **operating distributable result** of € 13,8 million (€ 13,4 million) or an increase of € 0,4 million or approximately 3% mainly through lower financing costs as a result of interest rate swaps that start at lower interest rates
- the **result on portfolio** of € 7,9 million (- € 2,9 million) mainly as a result of the increase in fair value of the investment properties
- **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 1,2 million (€ 1,7 million).

For financial year 2014, the **operating distributable result** of Vastned Retail Belgium increases thus to € 13,8 million (€ 13,4 million). With 5.078.525 shares being issued, this represents a **gross dividend** of € 2,72 per share for financial year 2014 compared to € 2,65 in 2013. Herewith the gross dividend yield amounts to 4,7% based on the share price as at 31 December 2014.

Consolidated balance sheet

in thousands €	31.12.2014	31.12.2013
ASSETS		
Non-current assets	357.023	362.265
Current assets	5.391	2.768
Total assets	**362.414**	**365.033**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**242.967**	**235.467**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	120.910	121.877
Net result of the financial year	20.494	12.194
Minority interests	167	0
Liabilities	**119.447**	**129.566**
Non-current liabilities	91.632	116.965
Current liabilities	27.815	12.601
Total shareholders' equity and liabilities	**362.414**	**365.033**

DATA PER SHARE	31.12.2014	31.12.2013
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	47,81	46,37
Net value (investment value) (€)	49,59	48,13
Net asset value EPRA[7] (€)	48,71	47,08
NNNet asset value EPRA (€)	47,74	46,32
Share price on closing date (€)	57,97	52,40
Premium to net value (fair value) (%)	21%	13%
Debt ratio (max. 65%)	31%	34%

7 Financial performance indicator calculated according to Best Practices Recommandations of EPRA (European Public Real Estate Assocation). See also www.epra.com. These data are not required by regulation regarding regulated real estate companies and are not subject to a control by government authorities.

As at 31 December 2014, the fair value of the real estate portfolio amounts to € 357 million.

Assets

As at 31 December 2014, the fair value of the **investment properties** of Vastned Retail Belgium amounts to € 357 million (€ 362 million). This decrease of € 5 million in 2014 compared to 31 December 2013 comes mainly from:

- the divestment of 19 non-strategic retail warehouse properties and inner-city shops in secondary locations with a total fair value of € 42,9 million as at 31 December 2013
- the acquisition of a premium high street shop in a prime location on Veldstraat in Ghent with a fair value of approximately € 26,7 million
- an increase in fair value of the existing real estate portfolio of € 11,1 million mainly for retail properties located in prime locations, in the inner-city of important cities as well as in retail parks in the periphery through the sharpening of the yields.

As at 31 December 2014, the real estate properties are valued at € 365 million (investment value) by the independent property experts. The fair value is the investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future potential disposal.

Current assets amount to € 5 million (€ 3 million) and consist mainly of € 4 million assets held for sale for which the notarial deeds still have to be executed.

Thanks to a strict credit control the number of days of outstanding customers' credit is only 2 days.

Antwerp, Schuttershofstraat - 66 m²

Liabilities

Shareholders' equity of the company amounts to € 243 million (€ 235 million). The share capital (€ 97 million) and the **share premium** (€ 4 million) have remained unchanged. The number of shares entitled to dividend amounts to 5.078.525 as at 31 December 2014.

In 2014 the free float of the share remains unchanged at 34,5%.

The **reserves** of the company amount as at 31 December 2014 to € 121 million (€ 122 million) and consist mainly of:

- a reserve for the balance of the changes in fair value of real estate properties for € 123 million (€ 126 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 132 million (€ 135 million), and a reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties. Indeed, in accordance with the Beama interpretation of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006), the real estate portfolio is valued at fair value. The difference with the investment value is shown separately in shareholders' equity. As at 31 December 2014, this difference amounts to - € 9 million (- € 9 million)

- a reserve for the balance of the changes in fair value of allowed hedging instruments of - € 3 million (- € 5 million)

- results carried forward from previous financial years for € 1 million (€ 1 million), available for distribution.

As at 31 December 2014, the **net value** (fair value) of the share is € 47,81 (€ 46,37). Given that the share price as at 31 December 2014 is € 57,97, the share of Vastned Retail Belgium is quoted with a premium of approximately 21% compared to this net value (fair value).

Compared to 2013, **non-current liabilities** decrease to € 92 million (€ 117 million) and consist mainly of € 87 million long-term financings as well as the negative market value of € 5 million of non-current hedging instruments. The decrease results mainly from the realised sales of investment properties.

Current liabilities amount to € 28 million (€ 13 million) and consist mainly of € 19 million (€ 8 million) current financial debts (short-term financings progressing each time), of € 7 million in trade debts and other current debts and of € 1 million in deferred charges and accrued income and other liabilities.

A low debt ratio of 31% as at 31 December 2014 (34% as at 31 December 2013) offers the company a stable balance-sheet position.

FINANCIAL STRUCTURE

As at 31 December 2014, Vastned retail Belgium has a conservative financial structure allowing it to continue to carry out its activities in 2015.

The most important characteristics of the financial structure as at 31 December 2014 are:

- amount of financial debts: € 106 million
- 69% of the available credit lines at financial institutions are long-term financings with an average remaining duration of 2,1 years
- well-spread expiry dates of credit facilities between 2015 and 2018
- spread of credit facilities over 5 European financial institutions
- € 31 million of available non-withdrawn credit lines at financial institutions
- 75% of the withdrawn credit facilities have a fixed interest rate or are fixed through interest rate swaps, 25% have a variable interest rate
- fixed interest rates are fixed for a remaining period of 3,6 years in average
- average interest rate for 2014: 3,2% including bank margins (2013: 4,0%)
- market value of financial derivatives: € 4,6 million in negative
- limited debt ratio of 31% (legal maximum: 65%) (34% as at 31 December 2013).

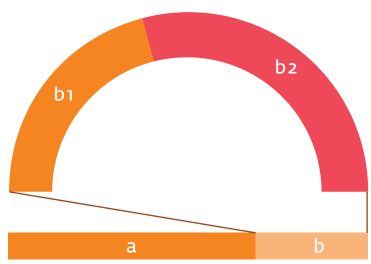
Balance between long-term and short-term financings

As at 31 December 2014, 69% of the available credit lines at financial institutions are long-term financings. 31% of the credit lines are short-term financings with 13% consisting of credit facilities with an unlimited duration (€ 17,4 million) and 18% of a credit facility which has to be refinanced in the first quarter of 2015 (€ 25 million). For the refinancing of the latter credit facility, discussions are ongoing with the financial institution concerned.

69% of the credit lines are long-term financings with well spread expiry dates.

Balance between long-term and short-term financings

a	Long-term credit facilities	69%
b	Short-term credit facilities	31%
b1	Credit facilities with indefinite duration	13%
b2	Credit facility expiring in the first quarter of 2015	18%



The weighted average duration of long-term credit facilities amounts to 2,1 years as at 31 December 2014.

75% of the withdrawn credit lines has a fixed interest rate or is fixed by interest rate swaps.

Available credit lines

As at 31 December 2014, the company still has € 31 million (€ 15 million in 2013) of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for payment of the dividend of financial year 2014.

Duration and spread of expiry dates of long-term financings

As at 31 December 2014, the weighted average duration of the long-term financings is 2,1 years. The strategy of Vastned Retail Belgium is to maintain this average duration between 3,5 and 5 years, but it is possible to deviate from that principle when specific market circumstances require it.

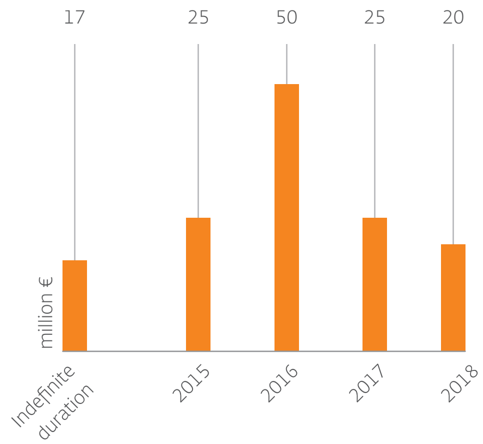
The credit facilities portfolio of Vastned Retail Belgium is spread over 5 European financial institutions.

Percentage credit facilities with fixed and variable interest rate

When composing the loan portfolio, the strategy of Vastned Retail Belgium consists of achieving a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. As at 31 December 2014, 58% of the credit lines of the company consists of financing with a fixed interest or is fixed by interest rate swaps. 42% are credit facilities with a variable interest rate.

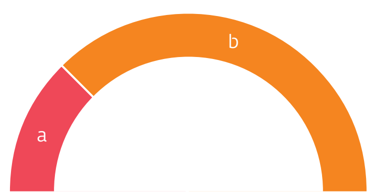
Of the withdrawn credit facilities as at 31 December 2014, 75% has a fixed interest rate or is fixed by interest rate swaps. 25% have a variable interest rate which is beneficial due to the current low interest rate levels.

Expiry calendar credit lines



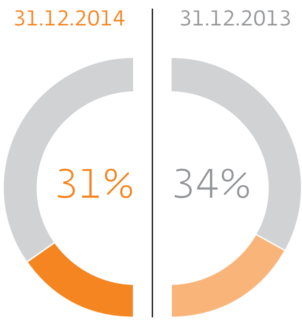
Balance credit facilities with fixed and variable interest rate

a 25% Variable interest rate
b 75% Fixed interest rate



The company has a limited debt ratio of 31%.

Debt ratio



Duration of fixed interest rates

For the protection of its operating results against future interest rate fluctuations, Vastned Retail Belgium covers partially the interest rate fluctuations with interest rate swaps.

In the first semester of 2014 the company has purchased an interest rate swap for a notional amount of € 15 million with a duration of 5 years as from 1 October 2014. This interest rate cover has been realised at 0,72% which is substantially lower than the interest rate of the existing interest rate swap which amounted to 3,02% and expired on 1 October 2014 (with a notional amount of € 25 million).

As at 31 December 2014 Vastned Retail Belgium has a notional amount of € 70 million active interest rate swaps at a weighted average interest rate of 1,87% (to increase by the bank margins). Furthermore, the company has one credit facility of € 10 million with a fixed interest rate of 3,40%. Through these interest rate covers the interest rate for 75% of the withdrawn credit lines is fixed as at 31 December 2014 for a remaining period of 3,6 years in average.

Average interest rates

The interest rate policy of Vastned Retail Belgium always consists in concluding one-third of its credit facilities with a variable interest rate. In 2014, the total average interest rate of the financial debts of the company amounts to 3,2%, including bank margins (4,0% in 2013).

For 2014, the average interest rate for the non-current financial debts amounts to 3,1% (4,6% in 2013).

For 2014, the average interest rate for the current financial debts amounts to 3,3% (1,5% in 2013).

Refinancing realised in 2014

During the first quarter of 2014 Vastned Retail Belgium did not have to carry out some refinancing of its credit facilities. The next credit facility which will expire is at the end of March 2015.

Interest rate sensitivity

For financial year 2014 the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1% gives a negative result of approximately € 0,4 million (€ 0,4 million in 2013). The concluded financial derivatives are taken into account for this calculation. Given the currently low market rate a hypothetical decrease of interest rates by 1% is not realistic.

Interest cover ratio

The interest cover ratio is the ratio between the operating result before result on portfolio and the financial result (excluding the revaluation of financial derivatives in accordance with IAS 39). For Vastned Retail Belgium, this ratio amounts to 4,3 for financial year 2014 (3,7 for financial year 2013), which is significantly better than the requirements agreed in the financing agreements of company as a covenant.

Debt ratio

As at 31 December 2014, the debt ratio of the company amounts to 31% and has decreased by 3% compared to 31 December 2013 (34%) as a result of divestments in investment properties in 2014 and the increase in fair value of the existing real estate portfolio.

PROFIT DISTRIBUTION 2014

At the general meeting of shareholders on 29 April 2015, it shall be proposed that a gross dividend of € 2,72 per share will be distributed.

The board of directors proposes to distribute the result for financial year 2014 of Vastned Retail Belgium sa, as follows:

in thousands €	31.12.2014
Net result for financial year 2014[8]	**20.494**
Transfer to the reserves for the balance of changes in fair value[9] of investment properties	
• Financial year	-11.327
• Value realised from real estate properties	2.967
Transfer to the reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-752
Transfer from the reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	1.240
Transfer from other reserves	968
Transfer from results carried forward from previous financial years	224
Remuneration of capital	**13.814**

This represents a net dividend of € 2,0400 after deduction of 25% withholding tax.

Taking into account 5.078.525 shares that will participate in the full result for the financial year, this means that a dividend of € 13.813.588 is available for distribution.

The dividend is higher than the required minimum of 80% of the operating distributable result as Vastned Retail Belgium, in accordance with its policy, will also distribute 100% of the operating distributable result for 2014.

The dividend will be payable as from 7 May 2015. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 15.

8 As legally speaking only the operating distributable profit of the statutory annual accounts can be distributed and not of the consolidated annual accounts, the present profit distribution is based on the statutory figures (see Note 13 of the Financial report).

9 Based on the changes in the investment value of investment properties.

EPRA BEST PRACTICES[10]

In December 2014 the EPRA's Reporting and Accounting Committee published an update of the report entitled "Best Practices Recommendations (BPR)[11]. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. Vastned Retail Belgium supports the reporting standardisation approach designed to improve the comparability and the quality of information and supplies her investors and other users of the annual report with most of the EPRA recommendations. For this reason Vastned Retail Belgium has chosen to record the key performance indicators in a separate chapter of the annual report.

The statutory auditor has checked whether the "EPRA earnings", "EPRA NAV" and "EPRA NNNAV" ratios have been calculated in accordance with the definitions given in the "EPRA Best Practices Recommendations" of August 2011 and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated financial statements.

Ghent, Volderstraat - 279 m²

10 These data are not compulsory under the legislation on regulated real estate companies and are not verified by public authorities.

11 The report is available on the EPRA website: www.epra.com

EPRA Key performance indicators

Table	EPRA Indicators	EPRA Definitions[12]		31.12.2014	31.12.2013
1	EPRA Earnings	Recurring earnings from core operational activities	in thousands €	13.807	13.519
			€/share	2,72	2,66
2	EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystalize in a long term investment property business model	in thousands €	247.352	239.115
			€/share	48,71	47,08
3	EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	in thousands €	242.434	235.186
			€/share	47,74	46,32
4	(i) EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the portfolio, increased with estimated purchasers' costs.		4,9%	5,2%
	(ii) EPRA Topped-up (NIY)	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		5,1%	5,4%
5	EPRA Vacancy Rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio		1,5%	4,1%
6	EPRA Cost Ratio (including direct vacancy costs)	EPRA costs (including direct vacancy costs) divided by gross rental income less ground rent costs.		17,3%	15,8%
	EPRA Cost Ratio (excluding direct vacancy costs)	EPRA costs (excluding direct vacancy costs) divided by gross rental income less ground rent costs.		16,3%	15,1%

12 Source: EPRA Best Practices (www.epra.com).

Table 1: EPRA Earnings

in thousands €	31.12.2014	31.12.2013
Net result	**20.494**	**12.194**
Ajustments to calculate EPRA earnings		
To exclude:		
Changes in fair value of investment properties	-11.102	3.030
Result on disposal of investment properties	1.870	-273
Changes in fair value of financial assets and liabilities	1.240	-1.586
Other result on portfolio	1.305	154
EPRA Earnings	**13.807**	**13.519**
Weighted average number of shares	5.078.525	5.078.525
EPRA Earnings (€/share)	**2,72**	**2,66**

The EPRA Earnings amounts to € 13,8 million for financial year 2014 compared to € 13,5 million for financial year 2013 or an increase of € 0,3 million or 2%, mainly through lower financing costs as a result of interest rate swaps that start at lower interest rates. The EPRA Earnings per share amounts herewith to € 2,72 for financial year 2014 compared to € 2,66 for financial year 2013.

Namur, Place de l'Ange - 2.270 m²

Tables 2 and 3: EPRA NAV and EPRA NNNAV

in thousands €	31.12.2014	31.12.2013
Net value	**242.800**	**235.467**
Net value (€/share)	**47,81**	**46,37**
Effect of exercise of options, convertible debts and other equity interests	0	0
Diluted net asset value, after the exercise of options, convertible debts and other equity interests	**242.800**	**235.467**
To exclude:		
IV. Fair value of financial instruments	4.552	3.610
Va. Deferred taxes	0	38
EPRA NAV	**247.352**	**239.115**
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NAV (€/share)	**48,71**	**47,08**
To include:		
I. Fair value of financial instruments	-4.552	-3.610
II. Revaluations at fair value of financings with fixed interest rate	-366	-221
III. Deferred taxes	0	-38
EPRA NNNAV	**242.434**	**235.246**
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NNNAV (€/share)	**47,74**	**46,32**

The EPRA NAV per share amounts as at 31 December 2014 to € 48,71 compared to € 47,08 as at 31 December 2013. The increase of € 1,63 per share result mainly from the increase in fair value of the real estate portfolio in financial year 2014.

The EPRA NNNAV per share amounts as at 31 December 2014 to € 47,74 compared to € 46,32 as at 31 December 2013. The increase of € 1,42 per share results mainly from the increase in fair value of the real estate portfolio during financial year 2014, partly compensated by the change in fair value of the financial instruments.

Table 4: EPRA Net Initial Yield (NIY) and EPRA Topped-up NIY

in thousands €	31.12.2014	31.12.2013
Investment properties and properties held for sale	**360.692**	**361.678**
To include:		
Properties that are being constructed or developed for own account in order to be leased	-2.129	-2.129
Properties held for sale	-4.156	0
Properties available for lease	**354.407**	**359.549**
To include:		
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	8.860	8.989
Investment value of properties available for lease (B)	**363.267**	**368.538**
Annualised gross rental income	19.862	21.515
To exclude:		
Property charges[13]	-1.931	-2.362
Annualised net rental income (A)	**17.931**	**19.153**
Adjustments:		
Rent expiration of rent free periods or other lease incentives	569	610
Annualised 'topped-up' net rental income (C)	**18.500**	**19.763**
(in %)		
EPRA NET INITIAL YIELD (A/B)	**4,9%**	**5,2%**
EPRA 'topped-up' NET INITIAL YIELD (C/B)	**5,1%**	**5,4%**

The EPRA Net Initial Yield and the EPRA 'Topped-up' Net Initial Yield has slightly decreased as at 31 December 2014 compared to 31 December 2013, mainly due to the increase in fair value of the real estate portfolio during financial year 2014.

13 The perimeter of the property charges to be excluded for the calculation is recorded in the EPRA Best Practices and does not correspond with the "Property charges" as presented in the consolidated IFRS accounts.

Table 5: EPRA Vacancy rate

Segment	Leasable space in m²	Estimated rental value (ERV) on vacant spaces in thousands €	Estimated rental value (ERV) in thousands €	EPRA vacancy rate in %	EPRA vacancy rate in %
				31.12.2014	31.12.2013
Inner-city shops	33.805	129	12.384	1,6%	3,9%
Retail warehouses	77.353	184	7.894	1,5%	4,4%
Total properties available for lease	**111.158**	**313**	**20.278**	**1,5%**	**4,1%**

The EPRA Vacancy rate at 31 December 2014 has decreased by 2,6% compared to 31 December 2013, resulting mainly of divestments in properties with a low occupancy rate as well as leases, mainly in Brussels, Philippeville and Turnhout.

Table 6: EPRA Cost Ratios

in thousands €	31.12.2014	31.12.2013
General costs	1.248	1.066
Write-downs on trade receivables	70	84
Compensations for building rights and long-lease rights	110	109
Property charges	2.468	2.276
To exclude:		
Compensations for building rights and long-lease rights	-110	-109
EPRA costs (including vacancy costs) (A)	**3.786**	**3.426**
Vacancy costs	-219	-168
EPRA costs (excluding vacancy costs) (B)	**3.567**	**3.258**
Rental income less compensations for building rights and long-lease rights (C)	21.901	21.634
(in %)		
EPRA Cost Ratio (including vacancy costs) (A/C)	**17,3%**	**15,8%**
EPRA Cost Ratio (excluding vacancy costs) (B/C)	**16,3%**	**15,1%**

The EPRA Cost Ratio (including vacancy costs) and the EPRA Cost Ratio (excluding vacancy costs) as at 31 December 2014 has increased compared to 31 December 2013, mainly due to the increase of property charges (€ 0,2 million) and the general costs (€ 0,2 million) during financial year 2014. The vacancy costs have remained at the same level in 2014 as in 2013 (€ 0,2 million).

OUTLOOK FOR 2015[14]

Vastned Retail Belgium intends to pursue its strategy further in 2015 by focusing explicitly on premium quality locations and properties. As at the end of 2014, the objective to increase the share of the inner-city shops to at least 65% of the portfolio is realised with an inner-city shop property percentage of 68% wherein 49% of the portfolio is already invested in prime retail properties located in the prime high streets of the major cities of Antwerp, Brussels, Ghent and Bruges.

Vastned Retail Belgium has intensified its **investment strategy**. It now intends to achieve a 75% investment ratio in inner-city shops in Belgium over time. In doing so, over time the share of prime retail properties in the most popular high streets in the major cities must amount to 50% of the overall real estate portfolio.

Acquisitions will only be made in major cities having strong shopping districts in which an authentic shopping experience is possible, such as Antwerp, Brussels, Ghent and Bruges. It would not be realistic to state short-term growth targets due to the fact that the market for high-quality products is still scarce. But it's expected that investments will pick up on the investment market in 2015, particularly in the prime high streets, where mainly private investors account for a large part of the total investment volume. The larger investors are focusing more on the shopping centres and retail parks, which have more reasonable investment yields (between 5,25% - 6% and 5,75% - 6,25%, respectively) than properties in the prime high streets (4%).
Making the shift to prime locations also means accepting a lower yield. Yields on prime locations in Antwerp, Brussels, Ghent and Bruges are currently about 4%, and sometimes even lower depending on a property's rental potential. Investing in these kinds of yields only makes economic sense if the rent levels make it possible to increase the rent.

Divestments will for the most part be made in an opportunistic way, and are only being considered for less strategic inner-city shops in smaller cities and less strategic retail warehouses or retail parks.

Absolute premium retail warehouse projects of Vastned Retail Belgium, such as the Gouden Kruispunt in Tielt-Winge, will remain in the portfolio. By means of active asset management, Vastned Retail Belgium is seeking to better exploit the commercial potential of its best retail warehouse projects through an optimisation of the tenant mix as well as investments in the buildings.

We are awaiting the impact of the move to shift responsibility for retail business to the regional level. This brings about uncertainty regarding future developments as well as potential disparities between the regions of Belgium. Flanders is clearly opting for city-centre developments in line with the 'Retail Memorandum' strategy. It's expected that the forthcoming regulations will impede future developments in the periphery and in turn boost the demand for prime locations in the periphery which are already licenced.

The annual CBRE Survey moreover gives Vastned Retail Belgium reason for hope. A predominantly positive sentiment is being noted among retailers. Nearly three-quarters of the retail chains surveyed by CBRE say they are thinking about expanding in the next twelve months, with one of every four looking at units with more surface area. Half of these chains are convinced of an increase in turnover, and slightly more than half expect rents to stay the same.

Veritas continues to be a success story to follow, as are two other local players, ZEB (Colruyt Group) and Lola & Liza. Internationally, we are awaiting the impact of the (planned) arrival of Uniqlo on the Meir in Antwerp and the expansion plans of Primark for Ghent, Brussels and Hasselt.

The outlook for pure e-commerce players like Zalando is difficult to judge. Belgium has lagged behind in e-commerce for a long time, though it now finds itself at the European average in terms of volume. A portion of this volume goes to foreign retailers. It is estimated that the loss in turnover for local retailers amounts to about 3% to 4%.

In regards to **future rent increases** stemming primarily from lease extensions that will be negotiated in 2015, Vastned Retail Belgium is mildly optimistic. A number of prime locations definitely have the potential for rent increases, but there are some cases in which we might have to be content with current rent levels. The rate of inflation will likely remain low.

In 2014, Vastned Retail Belgium has divested 19 non-strategic, high-yield retail warehouse properties and inner-city shops in secondary locations, thereby increasing the quality of the real estate portfolio. In the short term, this means that the **distributable operating result** is expected to be lower in 2015 than in 2014. The actual decrease in the distributable operating result will depend largely on the investments that the company is able to make in the prime high streets of major cities with healthy shopping districts in which an authentic shopping experience is possible, such as Antwerp, Brussels, Ghent and Bruges.

14 The market information in this text is based on Cushman & Wakefield, Vastned Retail Belgium Portfolio 31 December 2014, what to expect p. 19 - 20; CBRE Belgium Retailer Survey 2014, p. 2 - 5; CBRE interview Kim Verdonck, dated 14/1/2015 and CBRE's annual review of retail activity in 2014 and trends for 2015, p. 46-47.

Antwerp, Leysstraat - 528 m^2

Brussels, Avenue Louise - 245 m^2

Ghent, Volderstraat - 279 m^2

Bruges, Steenstraat - 941 m^2

RITUALS...
home & body cosmetics
15
London
Madrid
Amsterdam
Lisbon

Report on the share

Antwerp, Leysstraat - 140 m²

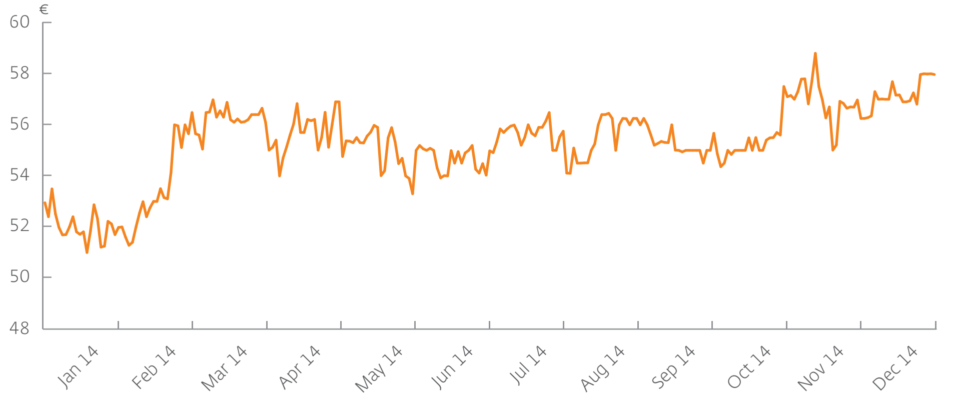
STOCK MARKET INFORMATION

The share of Vastned Retail Belgium (VASTB) is listed on Euronext Brussels and is included in the stock market indexes BEL Real Estate and GPR 250 Europe.

Share price evolution 2014

The share price of Vastned Retail Belgium has increased from € 52,40 as at 31 December 2013 to € 57,97 as at 31 December 2014 or an increase by approximately 11%. The lowest closing share price reaches € 51,00 (20 January 2014) and the highest closing share price € 58,80 (11 November 2014).

The average share price of financial year 2014 amounts to € 55,24 compared to € € 52,06 for financial year 2013.



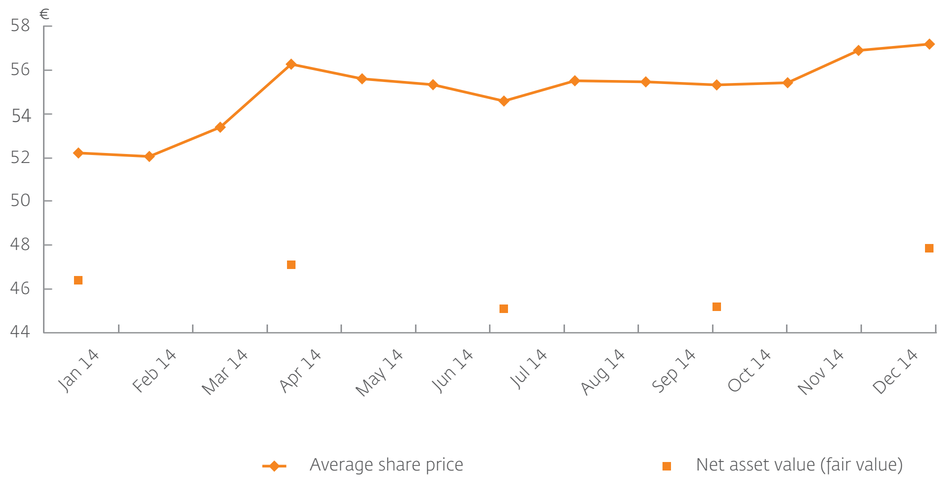
Share price evolution 2010-2014

During the last 5 years (2010-2014) the share price of the Vastned Retail Belgium share has increased gradually from € 37,20 on 1 January 2010 to € 57,97 as at 31 December 2014 or an increase of approximately 56%.

Premium Vastned Retail Belgium

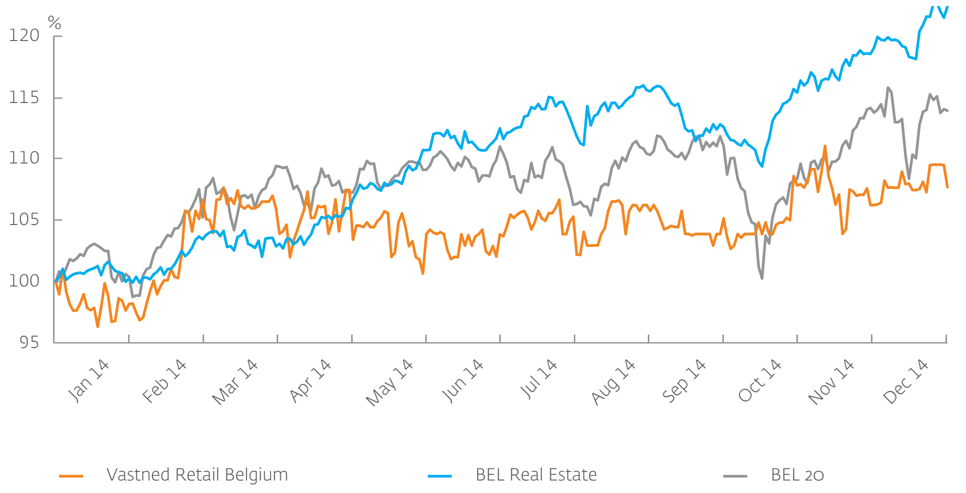
During 2014, the Vastned Retail Belgium share is quoted with a premium of 19% in average compared to the net value (fair value).

The net value of Vastned Retail Belgium includes the 2013 dividend up to the payment date on 9 May 2014.

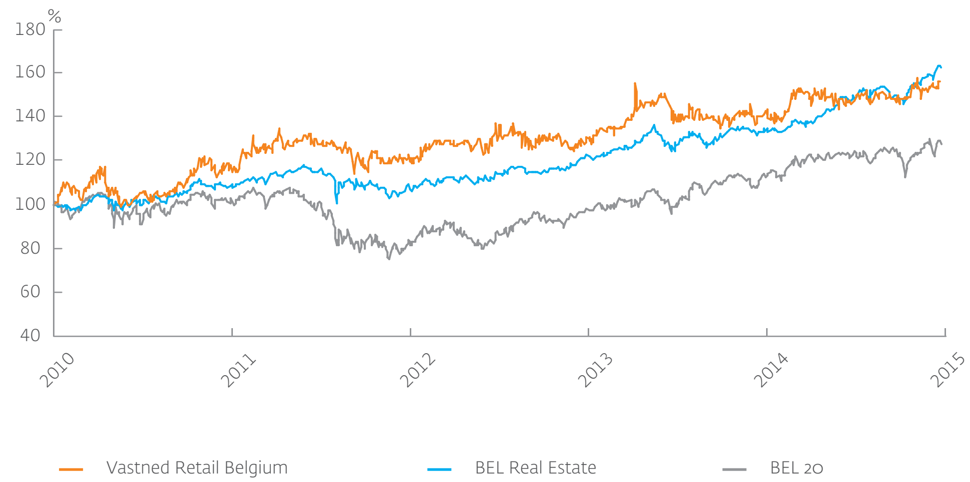


Comparison of Vastned Retail Belgium with Bel Real Estate index and BEL 20 Close index

The Vastned Retail Belgium share has performed lesser than the BEL 20 and the BEL Real Estate.



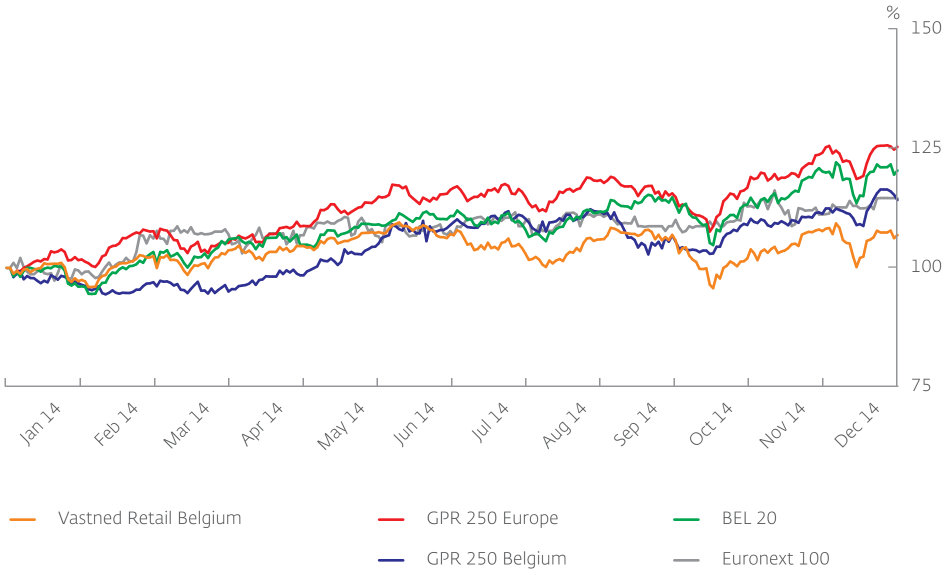
During the last 5 years (2010-2014) the Vastned Retail Belgium share has performed much better than the BEL 20 and has fluctuated along with the BEL Real Estate.



Comparison of Vastned Retail Belgium with GPR indexes

This graph shows that in 2014 Vastned Retail Belgium has fluctuated along with the GPR 250 Belgium index, the GPR 250 Europe index and the Euronext 100 index.

Additional information on the indexes can be obtained from Euronext Brussels for the Euronext 100 and BEL 20 and from Global Property Research (www.property-shares.com) regarding the GPR 250 Europe and GPR 250 Belgium.

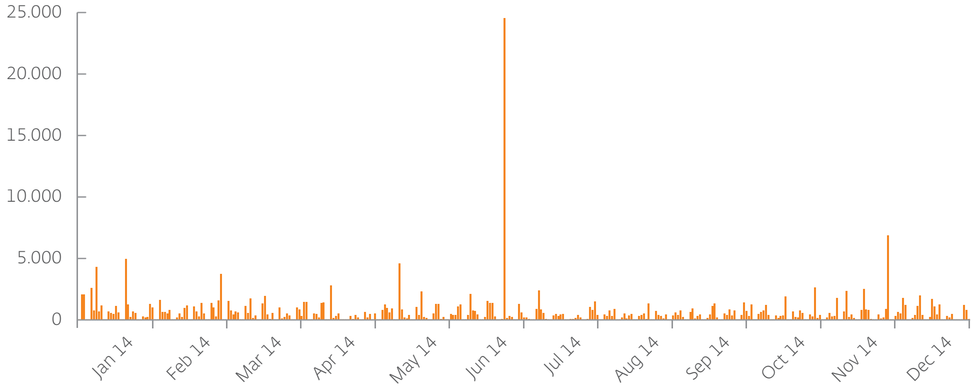


Traded volumes Vastned Retail Belgium

The traded volumes, with an average of 813 shares per day, are slightly lower than previous year (837 units a day).

A liquidity contract has been concluded with Bank Degroof to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

At the end of 2014 the free float amounts to 34,5%.



DIVIDEND AND NUMBER OF SHARES

As at 31 December 2014 the share price of Vastned Retail Belgium is € 57,97, offering its shareholders a gross dividend yield of 4,7%.

	31.12.2014	31.12.2013	31.12.2012
Number of shares at the end of the period	5.078.525	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525

SHARE PRICE (€)	31.12.2014	31.12.2013	31.12.2012
Highest closing share price	58,80	57,69	51,00
Lowest closing share price	51,00	47,37	44,25
Share price on closing date	57,97	52,40	47,60
Premium to net value (fair value) (%)	21%	13%	3%
Average share price	55,24	52,06	47,72

DATA PER SHARE (€)	31.12.2014	31.12.2013	31.12.2012
Net value (fair value)	47,81	46,37	46,29
Net value (investment value)	49,59	48,13	48,07
Net asset value EPRA	48,71	47,08	47,61
Gross dividend	2,72	2,65	2,62
Net dividend	2,0400	1,9875	1,9650
Closing price gross dividend yield (%)	4,7%	5,0%	5,5%
Closing price net dividend yield (%)	3,5%	3,8%	4,1%

SHAREHOLDERS

As at 31 December 2014, the following shareholders are known to the company:

Vastned Retail nv Lichtenauerlaan 130 3062 ME Rotterdam The Netherlands	3.320.529 shares	65,4%
CFB Belgique sa Uitbreidingstraat 18 2600 Berchem - Antwerp Belgium	5.431 shares	0,1%
Public	1.752.565 shares	34,5%
TOTAL	**5.078.525 shares**	**100%**

Pursuant to article 74 of the Public Takeover Act of 1 April 2007, Vastned Retail nv and CFB Belgique sa have informed the FSMA that they act jointly.

Vastned Retail Belgium received a transparency notification on 7 January 2014 from Capfi Delen Asset Management SA, with registered offices at 2020 Antwerp, Jan Van Rijswijcklaan 178. This notification stated that the voting rights relating to the Vastned Retail Belgium shares that are held directly or indirectly by Capfi Delen Asset Management sa as from 7 January 2014 exceeded the limit of 3% of the total of the existing voting rights and amount to 4,13%.

The complete notification as well as the shareholder structure on 7 January 2014 can be consulted on the website of Vastned Retail Belgium under the heading "Corporate - Corporate Governance - Shareholders' structure and transparency declarations".

FINANCIAL CALENDAR 2015


GANT
UNO

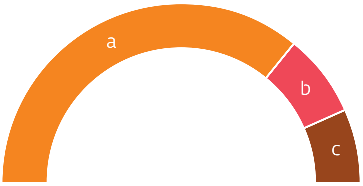
Property report

Antwerp, Huidevettersstraat - 684 m²

COMPOSITION OF THE PORTFOLIO[15]

Vastned Retail Belgium invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations and retail warehouses, both on top locations.

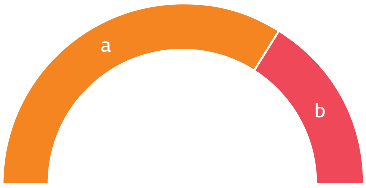
a 72% Flanders
b 15% Brussels
c 13% Walloon region



Geographic spread

The stores are spread throughout Belgium, with a good repartition across the various regions.

a 68% Inner-city shops
b 32% Retail warehouses



Type of retail property

The retail properties consist of 68% of inner-city shops, and of 32% retail warehouses.

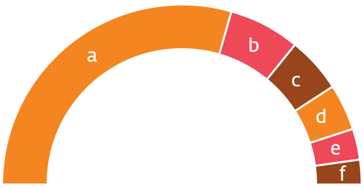
The category **inner-city shops** contains properties that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category. The inner-city shops are particularly desired assets for as well retailers as investors. The shortage of these objects supports in an important measure the development value of these buildings.

For **retail warehouses** it is primarily the location of the properties alongside major traffic routes as well as the large sales area (from 400 m²). This category includes both standalone buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. Since a few years the retail warehouses undergo a quality development. Especially the retail warehouses form an attraction pool on their own and are not only attractive for discount formula. Since a few years there is an evolution whereby retailers are not only located in the inner-city but also in the periphery.

The costs which are at the expense of the lessor are rather limited to important maintenance costs to the structure of the building or important repairs or replacements of roofs. Rental expenses (such as property tax and costs for shared areas) are mostly paid by the tenant.

15 Above charts in this report have been compiled based on the annual rental income of 2014 and the value of the real estate properties as at 31 December 2014.

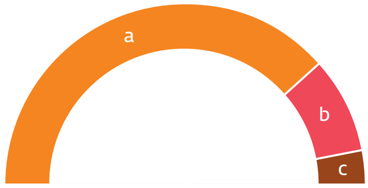
a	63%	Clothing, shoes and accessoires
b	13%	Domestic articles, interior and do-it-yourself
c	10%	Leisure, luxury articles and personal care
d	6%	Specialised food shops and department stores
e	5%	TV, hifi, electrical articels, multimedia and telephone
f	3%	Others



Sector of tenants

The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.

a	81%	International
b	15%	National
c	4%	Local



Region of activity of tenants[16]

The major share of tenants are international chains, which is beneficial to the stability and continuity of portfolio.

Most of the retail properties have been let on traditional lease agreements to users who are widely distributed across all sectors of the retail trade. Since most of these properties are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment in the interior of the property, which is beneficial to the stability and continuity of the rental income.

All of these factors result in a high occupancy rate of the portfolio (97,9% as at 31 December 2014).

Antwerp, Schuttershofstraat -54 m²

16 A national chain has to have at least five points of sale, an international chain must have at least five points of sale in at least two countries.

Turnhout, Gasthuisstraat - 1.269 m²

The Top 10 of tenants generates 53% of rental income.

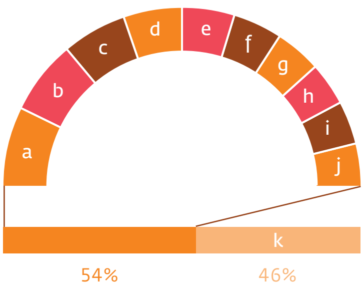
Risk spread amongst buildings

Through the spread of tenants over a large number of buildings on different locations, the risk of retail centres evolving less favourably and its effect on changes in rental prices is extremely limited. As at 31 December 2014 the portfolio is made up of 169 leasable units, spread over 69 different locations.

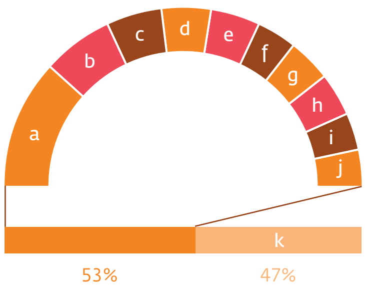
Risk spread amongst tenants

Rental income of Vastned Retail Belgium is spread over 113 different tenants, limiting debtor's risk and improving stability of rental income. The ten most important tenants represent 53% of rental income and are always prominent companies in their sector and part of international groups.

a	10%	Tielt-Winge - Aarschotsesteenweg 1/6
b	9%	Brussels - Chée d'Ixelles 41/43
c	7%	Ghent - Veldstraat 23/27
d	6%	Bruges - Steenstraat 80
e	5%	Antwerp - Leysstraat 28/30
f	4%	Namur - Jardin d'Harscamp
g	4%	Malines - Bruul 42/44
h	3%	Louvain - Bondgenotenlaan 69/73
i	3%	Antwerp - Meir 99
j	3%	Bruges - Steenstraat 38/40
k	46%	Other buildings



a	19%	Hennes & Mauritz
b	8%	Inditex
c	5%	Ariane
d	4%	Euro Shoe Group
e	4%	Aldi
f	3%	AS Watson
g	3%	De Secon Group
h	3%	Giorgio Armani Retail srl
i	2%	Blokker Group
j	2%	Maxeda
k	47%	Other



OVERVIEW OF THE REAL ESTATE PORTFOLIO

As at 31 December 2014 the real estate portfolio has an occupancy rate of 97,9%.

31 december 2014

	Space (m²)	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighting (%)
Investment properties					
Brussels	11.175	3.106	56.307	54.934	15%
Flanders	79.809	14.452	262.813	256.403	72%
Walloon region	20.610	3.317	46.330	45.199	13%
Total investment properties	**111.594**	**20.875**	**365.450**	**356.536**	**100%**

Tielt-Winge, Aarschotsesteenweg - 19.096 m²

EVOLUTION OF THE REAL ESTATE PORTFOLIO

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Investment value investment properties (€ 000)	365.450	370.720	368.162	371.268	337.371
Current rents (€ 000)	20.431	22.125	21.832	21.942	21.392
Yield (%)	5,6%	6,0%	5,9%	5,9%	6,3%
Current rents, including estimated rental value on vacancy (€ 000)	20.875	23.183	22.442	22.724	21.656
Yield if fully let (%)	5,7%	6,3%	6,1%	6,1%	6,4%
Total leasable space of investment properties (m²)	111.594	146.962	151.041	161.573	159.581
Occupancy rate (%)	97,9%	95,4%	97,3%	96,6%	98,8%

The real estate portfolio of Vastned Retail Belgium resists, given its economies of scale, diversity and above all its quality, in general relatively good to evolutions in the market.

This is also reflected in the fair value of the investment properties of Vastned Retail Belgium where a sharpening of the yield for prime locations occurred during 2014.

Furthermore the improvement of the quality of the real estate portfolio through the acquisition of a premium high street shop in a prime location in Ghent and the divestment of 19 non-strategic properties has led to a decrease of the average yield of the real estate portfolio of Vastned Retail Belgium for retail warehouse properties as well as for inner-city shops. As at 31 December 2014 the retail warehouse properties have an average yield of 6,9% (7,3% as at 31 December 2013) and inner-city shops of 5,2% (5,5% as at 31 December 2013).

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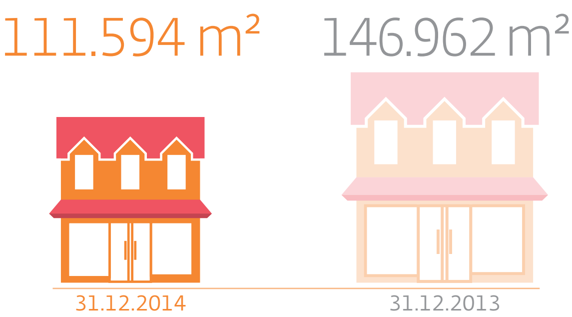
Total leasable space (m²)



Sensitivity analysis

In case of a hypothetical negative adjustment of the yield the property experts use for the valuation of the real estate portfolio of the company fund (yield or capitalisation rate) with 1% (from 5,6% to 6,6% in average), the investment value of the real estate portfolio would decrease by € 54 million or 15%. Herewith the debt ratio of the company would increase by 6% to 37%.

In the opposite case of a hypothetical positive adjustment of this yield with 1% (from 5,6% to 4,6% in average), the investment value of the real estate would increase by € 78 million or 22%. Herewith the debt ratio of the company would decrease by 6% to 25%.

VALUATION OF THE PORTFOLIO BY PROPERTY EXPERTS

All the commercial properties of Vastned Retail Belgium are valued by Cushman & Wakefield or CB Richard Ellis.

Cushman & Wakefield

The Cushman & Wakefield methodology is based on the ERV (Estimated Rental Value) with adjustments that take into account the current rent paid and/or any other element that influences the value, e.g. costs of vacancy.

They base their determination of the market rental value on their knowledge of the real estate market and on recent transactions concluded by the Retail department. The rental value is influenced, inter alia, by:

- location
- suitability of the site
- qualities of the building
- market circumstances.

The allocated unit price is multiplied by the surface area of the commercial building in order to reach a total estimated rental value.

For the inner-city shops, the "zone A" principle is used. The first step involves calculating the first 10 metres depth over the full façade width of the properties at 100% of the estimated rent/m², the next 10 metres at 50% and the rest at 25%. Storeys are charged at 25% or at a fixed estimated amount depending on location and usability.

Next, the Adjusted ERV is calculated: this is 60% of the difference between the current rent and the ERV. If the current rent is higher than the ERV, the Adjusted ERV is equal to the ERV and the 60% rule doesn't apply.

A following step consists of determining a yield or capitalization rate at which an investor would be prepared to buy the properties. The gross value before corrections is then obtained. Any adjustments (e.g. costs of vacancies) can be made at this point, after which the investment value (value deed in hand) is obtained.

In its report of 31 December 2014, Cushman & Wakefield states that the investment value of the retail portfolio amounts to € 154.256.081.

CB Richard Ellis

The methodology of CB Richard Ellis can be summarised as follows:

Valuation on the basis of the capitalisation of rental income

For each let property, the estimated market rental value (ERV) is determined along with a market-level capitalisation rate (cap rate) based on recent points of comparison and taking into account the results of our inspections on the spot.

If the estimated market value exceeds the current rental value, it is assumed that a rent increase can be obtained at the next rental renewal, which is called 'adjusted ERV'. This adjusted ERV consists of the amount of the current rental income increased by 60% of the difference between the ERV and the current rental income. After capitalisation of the adjusted ERV, the gross market value before adjustments of the property is obtained.

If the estimated market value is lower than the current rental income, the gross market value before corrections is obtained through capitalisation of the estimated rental value (ERV).

The applied corrections on the gross market value consist of:

- deduction from the net current value of the difference between the adjusted ERV and the current rental income for the rest of the current rental period if the estimated market rental value is higher than the current rental income
- increase by the current net value of the difference between the current rental income and the estimated market value for the remaining period of current rents if the estimated market value is lower than the current rental income
- deduction of the rental discount given
- deduction for the necessary expenses to the property
- deduction for the expected vacancy periods.

In its report of 31 December 2014, CB Richard Ellis declares that the fair value of the commercial properties amounts to € 202.280.362.


H&M

Financial report

Ghent, Veldstraat - 2.690 m²

Liège, Rue pont D'Ile - 375 m²

INDEX

CONSOLIDATED INCOME STATEMENT

in thousands €	Note	2014	2013
Rental income	4	22.011	21.743
Rental-related expenses	4	-81	-72
NET RENTAL INCOME		**21.930**	**21.671**
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.506	1.548
Rental charges and taxes normally payable by tenants on let properties	4	-1.506	-1.548
Other rental-related income and expenses		43	37
PROPERTY RESULT		**21.973**	**21.708**
Technical costs	5	-582	-460
Commercial costs	5	-319	-215
Charges and taxes on unlet properties	5	-219	-168
Property management costs	5	-1.223	-1.229
Other property charges	5	-125	-204
Property charges		**-2.468**	**-2.276**
OPERATING PROPERTY RESULT		**19.505**	**19.432**
General costs	6	-1.248	-1.066
Other operating income and costs		25	77
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**18.282**	**18.443**
Result on disposals of investment properties	8	-1.870	273
Changes in fair value of investment properties	9	11.102	-3.030
Other result on portfolio	10	-1.305	-154
OPERATING RESULT		**26.209**	**15.532**
Financial income	11	6	3
Net interest charges	11	-4.187	-4.883
Other financial charges	11	-10	-11
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	11	-1.240	1.586
Financial result		**-5.431**	**-3.305**
RESULT BEFORE TAXES		**20.778**	**12.227**
Corporate tax		-290	-33
Taxes	12	**-290**	**-33**
NET RESULT		**20.488**	**12.194**
Note:			
Operating distributable result	13	13.801	13.448
Result on portfolio	8-9-10	7.927	-2.911
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		-1.240	1.657
Attributable to:			
Equity holders of the parent company		20.494	12.194
Minority interests		-6	0

RESULT PER SHARE in €	Note	2014	2013
Number of shares entitled to dividend	13	5.078.525	5.078.525
Weighted average number of shares	13	5.078.525	5.078.525
Net result	13	4,03	2,40
Diluted net result	13	4,03	2,40
Operating distributable result	13	2,72	2,65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands €	2014	2013
NET RESULT	**20.488**	**12.194**
Other components of comprehensive income (recyclable in the income statement)		
Changes in the effective part of fair value of allowed hedging instruments that are subject to hedge accounting	297	1.499
COMPREHENSIVE INCOME	**20.785**	**13.693**
Attributable to:		
Equity holders of the parent company	20.791	13.693
Minority interests	-6	0

CONSOLIDATED BALANCE SHEET

ASSETS in thousands €	Note	31.12.2014	31.12.2013
Non-current assets		**357.023**	**362.265**
Intangible assets		3	7
Investment properties	14	356.536	361.678
Other tangible assets	14	477	560
Non-current financial assets	19	0	17
Trade receivables and other non-current assets		7	3
Current assets		**5.391**	**2.768**
Assets held for sale	15	4.156	0
Trade receivables	15	163	173
Tax receivables and other current assets	15	213	91
Cash and cash equivalents		339	1.860
Deferred charges and accrued income		520	644
TOTAL ASSETS		**362.414**	**365.033**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2014	31.12.2013
Shareholders' equity		**242.967**	**235.467**
Shareholders' equity attributable to the shareholders of the parent company		**242.800**	**235.467**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		120.910	121.877
Net result of the financial year		20.494	12.194
Minority interests	22	**167**	**0**
Liabilities		**119.447**	**129.566**
Non-current liabilities		**91.632**	**116.965**
Non-current financial debts	18	86.906	113.712
Credit institutions		*86.900*	*113.700*
Financial lease		*6*	*12*
Other non-current financial liabilities	19	4.552	3.106
Other non-current liabilities		174	109
Deferred taxes - liabilities		0	38
Current liabilities		**27.815**	**12.601**
Provisions		205	0
Current financial debts	18	19.256	8.405
Credit institutions		*2.250*	*8.400*
Financial lease		*6*	*5*
Other current financial debts		*17.000*	*0*
Other current financial liabilities	19	0	521
Trade debts and other current debts	17	7.209	2.576
Other current liabilities	17	136	175
Accrued charges and deferred income	17	1.009	924
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**362.414**	**365.033**

DEBT RATIO	31.12.2014	31.12.2013
Debt ratio (max. 65%)	31%	34%

NET VALUE PER SHARE IN €	31.12.2014	31.12.2013
Net value (fair value)	47,81	46,37
Net value (investment value)	49,59	48,13
Net asset value EPRA	48,71	47,08

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

in thousands €	Share capital	Share premium	Reserve for the balance of the changes in fair value of real estate properties	
			Reserve for the balance of changes in investment value of real estate properties	Reserve for the impact on fair value*
Balance at 31 December 2012	**97.213**	**4.183**	**127.648**	**-9.055**
Comprehensive income of 2013				
Transfer through result allocation 2012				
Transfer from result on portfolio to reserves			7.340	75
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2012				
Balance at 31 December 2013	**97.213**	**4.183**	**134.988**	**-8.980**
Comprehensive income of 2014				
Transfer through result allocation 2013				
Transfer from result on portfolio to reserves			-2.849	-62
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Minority interest Ghent Veldstraat 23-27 nv				
Dividends financial year 2013				
Balance at 31 December 2014	**97.213**	**4.183**	**132.139**	**-9.042**

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

RESERVES						
Reserve for the balance of changes in fair value of allowed hedging instruments subject to hedge accounting	Reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	Results carried forward from previous financial years	**TOTAL RESERVES**	NET RESULT OF FINANCIAL YEAR	Minority interests	**Total shareholders' equity**
-2.003	**-2.602**	**1.031**	**115.020**	**18.664**	**0**	**235.080**
1.499			1.499	12.194		13.693
			7.415	-7.415		0
	-2.090		-2.090	2.090		0
		33	33	-33		0
				-13.306		-13.306
-504	**-4.692**	**1.064**	**121.877**	**12.194**	**0**	**235.467**
297			297	20.494	-6	20.785
			-2.911	2.911		0
	1.586		1.586	-1.586		0
		61	61	-61		0
					173	173
				-13.458		-13.458
-206	**-3.106**	**1.125**	**120.910**	**20.494**	**167**	**242.967**

CONSOLIDATED CASH FLOW STATEMENT

in thousands €	Note	2014	2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**1.860**	**216**
1. Cash flow from operating activities		**13.038**	**13.334**
Operating result		**26.209**	**15.532**
Interests paid		**-4.191**	**-4.937**
Other non-operating elements		**-1.619**	**1.445**
Adjustment of result for non-cash flow transactions		**-6.913**	**1.300**
• Depreciations on intangible and other tangible assets		86	106
• Result on disposals of investment properties	8	1.870	-273
• Spread of rental discounts and benefits granted to tenants		-312	-131
• Changes in fair value of investment properties	9	-11.102	3.030
• Other result on portfolio	10	1.305	154
• Changes in fair value of financial assets and liabilities ineffective hedges - IAS 39)	19	1.240	-1.586
Change in working capital		**-448**	**-6**
Movement of assets			
• Trade receivables	15	11	72
• Tax receivables and other current assets	15	-122	70
• Deferred charges and accrued income		192	-42
Movement of liabilities			
• Trade debts and other current debts		-486	-219
• Other current liabilities	17	-39	-35
• Accrued charges and deferred income		-4	148
2. Cash flow from investment activities		**17.390**	**-3.577**
Acquisitions of intangible and other tangible assets		0	-66
Acquisitions of shares of real estate companies		-20.885	0
Acquisition of investment properties	14	0	-11.670
Investments in existing investment properties	14	-36	-204
Prepaid investment invoices		-68	-258
Proceeds of disposals of investment properties		38.379	8.621
3. Cash flow from financing activities		**-31.949**	**-8.113**
Repayment of loans		-35.550	-10.000
Drawdown of loans		17.000	15.206
Repayment of financial lease liabilities	18	-5	-5
Receipts from non-current liabilities as guarantee		64	-8
Dividend paid	13	-13.458	-13.306
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**339**	**1.860**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Note 1. Scheme for annual accounts of regulated real estate companies

As a listed public regulated real estate company, Vastned Retail Belgium sa has prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union. In the Royal Decree of 13 July 2014 on regulated real estate companies a scheme for the annual accounts is contained.

The scheme principally means that the result on the portfolio is presented separately in the income statement.

This result on the portfolio includes all movements in the real estate portfolio and consists of:

- realised gains or losses on the disposal of investment properties
- changes in fair value of investment properties as a result of the valuation by property experts, being non-realised increases and/or decreases in value.

The result on the portfolio is not distributed to the shareholders, but transferred to or from the reserves.

Note 2. Principles of financial reporting

Statement of conformity

Vastned Retail Belgium is a public regulated real estate company having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2014 include the company and its subsidiaries (the "Group"). The annual accounts of Vastned Retail Belgium sa have been prepared and are released for publication by the board of directors on 16 March 2015 and will be submitted for approval to the general meeting of shareholders on 29 April 2015.

The consolidated financial statements are prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the Royal Decree of 13 July 2014. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'), as far as applicable to the activities of the Group and effective for financial years as from 1 January 2014.

New and amended standards and interpretations effective for financial year starting as at 1 January 2014

The following amended standards by the IASB and published standards and interpretations by the IFRIC became effective for the current period, but do not affect the disclosure, notes or financial results of RREC : IFRS 10 *Consolidated Financial Statements;* IFRS 11 *Joint Arrangements;* IFRS 12 *Disclosures of Interests in Other Entities;* IAS 27 *Separate Financial Statements;* IAS 28 *Investments in Associates and Joint Ventures;* Amendments to IFRS 10, IFRS 12 and IAS 27 - *Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities*; Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities; Amendments to IAS 36 - *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Asset;* Amendments to IAS 39 - *Financial Instruments - Novation of Derivatives and Continuation of Hedge Accounting.*

New and amended standards and interpretations not yet effective in 2014

The following amended standards will become effective as from following year or later, but are not supposed to affect the disclosure, notes or financial results of the RREC : IFRS 9 *Financial Instruments and subsequent amendments* (1/1/2018); IFRS 14 *Regulatory Deferral Accounts* (1/1/2016); IFRS 15 *Revenue from Contracts with Customers* (1/1/2017); Improvements to IFRS (2010-2012) (1/2/2015); Improvements to IFRS (2011-2013) (1/1/2015); 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); Amendments to IAS 19 *Employee Benefits – Employee Contributions* (1/2/2015); IFRIC 21 – Levies (1/7/2014); *Improvements to IFRS* (2012-2014) (not yet endorsed in the EU); Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (not yet endorsed in EU); Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (not yet endorsed in the EU); Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (not yet endorsed in EU); Amendments to IAS 27 *Separate Financial Statements - Equity Method* (not yet endorsed in the EU).

Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded to the nearest thousand.

The accounting principles are applied consistently and the consolidated accounts are presented before profit distribution.

Consolidation principles

a. Subsidiary companies
A subsidiary company is an entity over which another entity has control (exclusively or jointly). Control is the power to govern the financial and operating policies of an entity in order to influence benefits from its activities. A subsidiary company's annual financial statement is recognised in the consolidated annual financial statement by means of the integrated consolidation methodology from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the subsidiaries have been changed in order to arrive at consistent principles within the Group. The reporting period of the subsidiary coincides with that of the parent company.

b. Eliminated transactions
Any transactions between the Group companies, balances and unrealised profits and losses from transactions between Group companies will be eliminated when the consolidated annual accounts are prepared. The list of subsidiaries is given under Note 22.

Business combinations and goodwill

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - Business combinations, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the sum of the acquisition value, the formerly interest in the entity which was not controlled (if applicable) and the recognised minority interest (if applicable) and on the other part the fair value of the acquired net assets. If the difference is negative ("negative goodwill"), it is immediately recognised in the results after confirmation of the values. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and adjusted within the 12 following months.

After initial recognition, the goodwill is not amortised but submitted to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the resulting impairment is recognised in the results and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying amount. An impairment loss recognised on goodwill is not reversed during a subsequent year.

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

When the Group acquires an additional interest in a subsidiary company, formerly already controlled by the Group or when the Group sells a part of the interest in a subsidiary company without losing control, the goodwill, recognised at the moment of the acquisition of control, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

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Foreign currencies

Foreign currency transactions are recognised at the exchange rate valid on the transaction date. Monetary assets and liabilities denominated in foreign currency are valued at the final rate in force on the balancesheet date. Exchange rate differences deriving from currency transactions and from the conversion of monetary assets and liabilities denominated in foreign are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

Property result

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be recognised if it is probable that the economic benefits will fall to the entity and can be determined with sufficient certainty.

The rental income, the received operational lease payments and the other income and costs are recognised linearly in the income statement in the periods to which they refer.

The compensation paid by tenants for early termination of lease agreements is immediately taken into result in the period in which it is irrevocably obtained.

Property charges and general charges

The costs are valued at the fair value of the compensation that has been paid or is due and are recognised in the income statement for the periods to which they refer.

Result on disposal and changes in fair value of investment properties

The result from the disposal of investment properties is equal to the difference between the selling price and the carrying amount (i.e. the fair value determined by the property expert at the end of previous financial year) less the selling expenses.

The changes in fair value of investment properties are equal to the difference between the actual carrying amount and the previous fair value as estimated by the independent property expert. A comparison is made at least four times a year for the entire portfolio of investment properties. Movements in fair value of the real estate properties are recognised in the income statement in the period in which they arise.

Brussels, chaussée d'Ixelles - 622 m²

Brussels, chaussée de Louvain- 2.964 m²

Financial result

The financial result consists of interest charges on loans and additional financing costs, less the income from investments.

Taxes on result

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, deferred taxes and the exit tax due. The tax expense is recognised in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are recognised as a charge against equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the end of the period are used.

Withholding taxes on dividends are recognised in equity as part of the dividend until such time as payment is made.

The exit tax owed by companies that have been taken over by the real property investment trust, are deducted from the revaluation surplus at the moment of the merger and are recognised as a liability.

Tax claims and liabilities are valued at the tax rate used during the period to which they refer.

Deferred tax claims and liabilities are recognised on the basis of the debt method ('liability method') for all provisional differences between the taxable basis and the carrying amount for financial reporting purposes with respect to both assets and liabilities. Deferred tax claims are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset.

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Ordinary and diluted net result per share

The ordinary net result per share is calculated by dividing the net result as shown in the income statement by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted net result per share, the net result that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

Intangible assets

Intangible assets are recognised at cost, less any accumulated depreciation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. Intangible assets are amortised linearly over their expected useful life. The depreciation periods are reviewed at least at the end of every financial year.

Investment properties

a. Definition
Investment properties comprise all lands or buildings that are lettable and (wholly or in part) generate rental income, including the buildings where a limited part is kept for own use and buildings under an operating lease.

b. Initial recognition and valuation
Initial recognition in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the company is also included in the acquisition value.

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issue of new shares or by merger through takeover of a real estate company, the deed costs, audit and consultancy costs, reinvestment fees and costs of lifting distraint on the financing of the absorbed company and other costs of the merger are also capitalised.

c. Subsequent costs

Expenses for works on investment properties are charged against the income statement of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment: repairs and maintenance, refurbishment, renovations, rent incentives.

1. **Repairs and maintenance:** these are expenses that do not increase the expected future economic benefits of the building or project and are consequently charged in full against the income statement under the item "Technical costs".
2. **Refurbishment:** these are expenses arising from a tenant leaving. These expenses are charged in the income statement under "Costs payable by tenant and borne by landlord for rental damage and refurbishment".
3. **Renovations:** these are expenses resulting from ad hoc works that substantially increase the expected economic benefits from the building (for example: installation of air conditioning or creation of additional parking places). The directly attributable costs of these works, such as materials, building works, technical studies and architects' fees are consequently capitalised.
4. **Rent incentives:** these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of retail properties, creation of additional social areas, etc. These costs are capitalised and then allocated over the period from the commencement of the lease agreements up to the next time at which it is possible to terminate the contract and are deducted from the rental income.

d. Valuation after initial recognition

After initial recognition, investment properties and development projects are valued by the independent property experts at investment value. For this purpose investment properties and development projects are valued quarterly on the basis of the cash value of market rents and/or effective rental income, after reduction of associated costs in line with the International Valuation Standards 2001, drawn up by the International Valuation Standards Committee.

Valuations are made by discounting the annual net rent received from the tenants, reduced by the related costs. Discounting uses a yield factor depending on the inherent risk of the relevant building.

In accordance with IAS 40, investment properties are recognised on the balance sheet at fair value. This value is equal to the amount for which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, it should be understood as being subject to the deduction of registration taxes.

The Belgian Association of Asset Managers (BEAMA) published a press release on 8 February 2006 with respect to the amounts of these registration fees (see also www.beama.be - publications - press release: "First application of IFRS accounting rules").

A group of independent property experts, carrying out the periodical valuation of buildings of regulated real estate companies, ruled that for transactions involving buildings in Belgium with an overall value of less than € 2,5 million, registration taxes of between 10,0% and 12,5% should apply, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2,5 million and considering the wide range of property transfer methods used in Belgium, the same experts - on the basis of a representative sample of 220 transactions that took place in the market from 2002 to 2005 and representing a grand total of € 6,0 billion - valued the weighted average of the taxes comes to 2,5%.

This means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million). As Vastned Retail Belgium in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2,5 million, the fair value was calculated by dividing the investment value by 1,025.

The difference between the fair value of the property and the investment value of the property as determined by the independent property experts is recognised at the end of the period in the item "Impact on the fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in the shareholders' equity.

Profits or losses deriving from the change of fair value of an investment property or development projects are recognised in the income statement in the period where they emerge and allocated to the reserves in the profit allocation.

The buildings for own use are valued at fair value if only a limited part is occupied by the entity for its own use. In any other case the building will be classified in "Other tangible assets".

e. Disposals of investment properties

The commission fees paid to real estate agents under a mandate to sell are charged against profit or loss made on the sale.

The profits or losses realised on the sale of investment properties and development projects are recorded in the income statement of the reporting period in "Result on disposals of investment properties" and are allocated to the reserves not available for distribution.

f. Assets held for sale

Assets held for sale refer to real estate properties whose carrying amount will be realised during a sales transaction and not through continuing use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

Other tangible assets

a. Definition

The fixed assets under the entity's control that do not meet the definition of investment property are classified as "Other tangible assets".

b. Valuation

Other tangible assets are initially recognised at cost and thereafter valued according to the cost model.

Additional costs are only capitalised if the future economic benefits related to the tangible asset increase.

c. Depreciation and exceptional impairment losses

Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use as foreseen by the management. The following percentages apply on an annual basis:

- plant, machinery and equipment 20%
- furniture and vehicles 25%
- computer equipment 33%
- real estate for own use:
  - land 0%
  - buildings 5%
- other tangible assets 16%

If there are indications that an asset may have suffered impairment loss, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

d. Disposal and retirement

When tangible assets are sold or retired, their carrying amount ceases to be recognised on the balance sheet and the profit or loss is recognised on the income statement.

Solar panels

Solar panels are valued based on the revaluation model in accordance with IAS 16 - Tangible Assets. After initial recognition, an asset whose fair value can be reliably determined must be booked at the revalued value, i.e. the fair value at the moment of revaluation less any subsequently accumulated depreciation and subsequently accumulated impairment losses. The fair value is determined based on the discounting method for future income. The useful life of solar panels is estimated at 20 years.

Capital gains generated upon the start-up of a new site are entered in a separate component of the shareholders' equity. Capital losses are also included in this component, unless they have been converted into cash or unless the fair value drops below the original cost. In the latter cases they are included in the results.

Impairment losses

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

Financial instruments

a. Trade receivables

Trade receivables are recorded at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

b. Investments

Investments are recognised and derecognised on a trade date basis when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Debt securities of which the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is the objective evidence that an asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the economic certainty of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

e. Interest-bearing bank loans

Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with principles of financial reporting related to financing costs, applied by the Group.

f. Trade debts

Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

g. Equity instruments

Equity instruments issued by the company are recognised in the proceeds received (net of direct issue costs).

h. Derivatives

The Group uses derivatives to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives are initially valued at cost price and are valued after initial recognition at fair value.

- Derivatives that do not qualify for hedge accounting
  Certain derivatives do not qualify for hedge accounting. Changes in the fair value of each derivative that does not qualify for hedge accounting are recognised immediately in the income statement.

- Hedge accounting
  The Group designates certain hedging instruments as fair value hedges and cash flow hedges.

  The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The ineffective portion is recognised in the income statement on the line "Changes in fair of financial asset and liabilities (ineffective hedges - IAS 39)".

  Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement when the hedged item is recognised in the income statement, in the same line as the recognised hedged item. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the profits or losses on the financial derivative previously accumulated in equity are recognised in the initial valuation of the asset or liability.

  Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument is sold or terminated, or exercised, or no longer qualifies for hedge accounting. Any profit or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

i. Own shares
When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

Provisions

A provision is an obligation of uncertain size or with an uncertain time element. The amount that is recognised is the best estimate at balance sheet date of the expenditure required to settle the existing liability.

Provisions are only recognised when there is a present obligation (legal or constructive) as a result of a past event that probably will bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

Post-employment benefits

Contributions to defined-contribution retirement benefit plans are recognised as an expense against the reporting period when employees have rendered services entitling them to the contributions.

Dividend distribution

Dividends are recognised as equity until the annual shareholders' meeting approves the dividends. The dividends are therefore recognised as a liability in the annual accounts of the period in which the dividend distribution is approved by the annual general shareholders' meeting.

Events after the balance sheet date

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on balance sheet date are recognised as result in the income statement.

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Significant valuations and main sources of uncertainty regarding valuations

a. Fair value of investment properties
The fair value of the investment properties of Vastned Retail Belgium is valued on a quarterly basis by independent property experts. This valuation of the property experts is meant to determine the market value of a building on a certain date according to the evolution of the market and the characteristics of the relevant buildings. The property experts use the principles described in the chapter "Valuation of the portfolio by property experts" in the Property report and in "Note 14: Non-current assets: investment properties" of the Financial report. The real estate portfolio is recorded in the consolidated annual accounts at fair value determined by the property experts.

b. Financial derivatives
The fair value of the financial derivatives of Vasned Retail Belgium is valued on a quarterly basis by the issuing financial institute. A comprehensive description can be found in "Note 19. Financial instruments" in the Financial report.

c. Disputes
The company is, and may in the future, be involved in legal procedures. Vastned Retail Belgium is involved as at 31 December 2014 as claimer as well as defendant in a number of legal procedures which (according to the information held by the company on the date of this annual report) will most probably not have a significant impact on the assets, liabilities and results of the company.

Antwerp, Korte Gasthuisstraat - 145 m²

Note 3. Segmented information

The reporting by segment is done within Vastned Retail Belgium according to two segmentation bases:

1. **by business segment:** this segmentation basis is sub-divided into "retail warehouses"[17] and "inner-city shops"
2. **by geographic segment:** this segmentation basis represents the 3 geographical markets in Belgium in which the Group operates, namely Flanders, Brussels and the Walloon region.

By business segment

The two business segments comprise inner-city shops and retail warehouses.

The category of "inner-city shops" includes those shops that are located in substantially developed commercial centres with a concentration of large-scale retail organisations. Twenty towns qualify for this.

The category of "retail warehouses" relates, on the one hand, to single buildings or retail parks along the major traffic axes and mostly an important sales area (from 400 m²). Retail parks are clusters of retail warehouses, often conceived as trading complexes with shared parking areas.

The category of "corporate" includes all non-segment allocated fixed costs borne at a group level.

Income statement by segment

BUSINESS SEGMENT in thousands €	Inner-city shops		Retail warehouses		Corporate		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	11.466	10.954	10.545	10.789			22.011	21.743
Rental-related expenses	2	-52	-83	-20			-81	-72
NET RENTAL RESULT	**11.468**	**10.902**	**10.462**	**10.769**			**21.930**	**21.671**
Rental-related costs and income	-2	-1	45	38			43	37
PROPERTY RESULT	**11.466**	**10.901**	**10.507**	**10.807**			**21.973**	**21.708**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**10.092**	**9.700**	**9.250**	**9.564**	**-1.060**	**-821**	**18.282**	**18.443**
Result on disposals of investment properties	-73	-52	-1.797	325			-1.870	273
Changes in fair value of investment properties	8.739	-59	2.363	-2.971			11.102	-3.030
Other result on portfolio	-1.329	-149	24	-5			-1.305	-154
OPERATING RESULT OF THE SEGMENT	**17.429**	**9.440**	**9.840**	**6.913**	**-1.060**	**-821**	**26.209**	**15.532**
Financial result					-5.431	-3.305	-5.431	-3.305
Taxes					-290	-33	-290	-33
NET RESULT	**17.429**	**9.440**	**9.840**	**6.913**	**-6.781**	**-4.159**	**20.488**	**12.194**

17 Till the date of the divestment, being 22 December 2014, this segment also comprised shopping centre Julianus Shopping in Tongeren. Shopping centres are complexes of different shops. Shopping centres are complexes comprising different shops that are dependent commercially on each other and which have joint commercial and promotional aspects.

Key figures by segment

BUSINESS SEGMENT in thousands €	Inner-city shops		Retail warehouses		TOTAL	
	2014	2013	2014	2013	2014	2013
Fair value of real estate properties	242.031	211.386	114.505	150.292	356.536	361.678
• of which investments during the financial year (fair value)	0	204	36	0	36	204
• of which acquisition of shares of real estate companies	26.605	0	0	0	26.605	0
• of which purchases/acquisition of investment properties	0	11.670	0	0	0	11.670
Divestments during the financial year (fair value)	-4.699	-1.631	-38.186	-4.718	-42.885	-6.349
Investment value of real estate properties	248.082	216.671	117.368	154.049	365.450	370.720
Accounting yield of the segment (%)	4,7%	5,2%	9,2%	7,2%	6,2%	6,0%
Total leasable space (m²)	34.241	33.624	77.353	113.338	111.594	146.962
Occupancy rate (%)	98%	95%	98%	96%	98%	95%

By geograph segment

The activity of Vastned Retail Belgium is geographically subdivided into 3 regions namely Flanders, Brusselss and the Walloon region.

GEOGRAPHICAL SEGMENTATION in thousands €	Flanders		Walloon region		Brussels		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	15.004	14.704	3.984	4.021	3.023	3.018	22.011	21.743
Fair value of real estate properties	256.403	250.478	45.199	58.006	54.934	53.194	356.536	361.678
Investment value of real estate properties	262.813	256.740	46.330	59.456	56.307	54.524	365.450	370.720
Accounting yield of the segment (%)	5,9%	5,9%	8,8%	6,9%	5,5%	5,7%	6,2%	6,0%
Investments during the financial year (fair value)	-49	181	85	23	0	0	36	204
Divestments during the financial year (fair value)	-31.362	-6.349	-11.523	0	0	0	-42.885	-6.349

Note 4. Property result

Rental income

in thousands €	2014	2013
Rents	22.642	22.118
Rental discounts	-660	-375
Compensation for early termination of lease agreements	29	0
Total rental income	**22.011**	**21.743**

Rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for early terminated lease agreements minus any rental discounts and rental benefits (incentives) granted. The rental discounts and incentives are spread over the period running from the start of the lease agreement to the next possibility of terminating a lease agreement.

Rental income of Vastned Retail Belgium is spread over 113 different tenants, limiting the debtor's risk and improving stability of rental income. The ten most important tenants represent 53% (48% in 2013) of rental income and are always prominent companies in their sector and part of international groups. The most important tenant represents 19% of rental income (12% in 2013). In 2014, there are 3 tenants whose lease payments on an individual basis represent more than 5% of total rental income of Vastned Retail Belgium (5 tenants in 2013).

Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the non-cancellable lease agreements is subject to the following collection terms:

in thousands €	2014	2013
Receivables with a remaining duration of:		
Less than one year	19.922	21.547
Between one and five years	20.110	28.181
More than five years	128	221
Total of future minimum rental income	**40.160**	**49.949**

The decrease of the future minimum rental income as at 31 December 2014 of € 9,8 million results mainly of the divestment of 19 non-strategic buildings in 2014, partly compensated by the acquisition of a premium high street shop in Ghent.

Rental-related expenses

in thousands €	2014	2013
Rent for leased assets and ground lease	-110	-109
Write-downs on trade receivables	-70	-84
Reversal of write-downs on trade receivables	99	121
Total rental-related expenses	**-81**	**-72**

The rental-related expenses comprise write-downs on trade receivables and are recognised in the income statement when the carrying amount is higher than the estimated realisation value, as well as costs and income of the letting of buildings not belonging to former classes.

Recovery of rental charges and taxes normally payable by tenants on let properties

in thousands €	2014	2013
Rebilling of rental charges borne by the landlord	33	64
Rebilling of advance levies and taxes on let properties	1.473	1.484
Recovery of rental charges and taxes normally payable by tenants on let properties	**1.506**	**1.548**
Rental charges borne by the landlord	-33	-64
Advance levies and taxes on let properties	-1.473	-1.484
Rental charges and taxes normally payable by tenants on let properties	**-1.506**	**-1.548**
Total net amount of recovered rental charges and taxes	**0**	**0**

Rental charges and taxes on let buildings and recovery of these charges refer to costs that are, by law or custom, of the responsibility of the tenant. These costs comprise primarily property tax and rental charges. Vastned Retail Belgium is responsible for the management and does not contract it out to a third party, except for the executive management of the commercial complex "Jardin d'Harscamp" that is managed by the external property manager Devimo Consult sa. This facility management is supervised by the coo of Vastned Retail Belgium who has built-in the necessary controls. Depending on contractual agreements with the tenants, the landlord may or may not charge the tenants for these services.

Note 5. Property charges

Technical costs

in thousands €	2014	2013
Recurrent technical costs	**-112**	**-112**
Insurance premiums	-112	-112
Non-recurrent technical costs	**-470**	**-348**
Maintenance	-464	-341
Claims	-6	-7
Total technical costs	**-582**	**-460**

Technical costs comprise, inter allia, maintenance costs and insurance premiums.

Maintenance costs that can be seen as renovation of an existing building because they bring about an improvement of the return or the rent, are not recognised as costs but are capitalised.

The technical costs have increased in 2014 as a result of the planned roof renovations.

Commercial costs

in thousands €	2014	2013
Brokers' fees	-147	-58
Publicity	-51	-35
Lawyers' fees and legal costs	-121	-122
Total commercial costs	**-319**	**-215**

Commercial costs also include brokers' fees. Brokers' fees paid to brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. Brokers' fees paid after an immediate reletting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not take this fee into account at the moment of valuation.

Charges and taxes on unlet properties

in thousands €	2014	2013
Vacancy charges of the financial year	-169	-125
Vacancy charges of preceding financial years	12	13
Property tax on vacant properties	-97	-76
Recuperation of property tax on vacant properties	35	20
Total charges and taxes on unlet properties	**-219**	**-168**

The increase of charges and taxes on unlet properties results in 2014 mainly from the growing vacancy in the on 22 December 2014 divested Julianus Shopping in Tongeren.

Vastned Retail Belgium largely recovers the property tax that is charged on vacant parts of buildings through objections submitted to Flanders Tax Administration.

Property management costs

in thousands €	2014	2013
External property management fees	-4	-35
Internal property management fees	-1.219	-1.194
Property experts	-152	-189
Remuneration of employees	-726	-708
Other costs	-341	-297
Total property management costs	**-1.223**	**-1.229**

Property management costs are costs related to the management of the buildings. These include personnel costs and indirect costs with respect to the management committee and the staff (such as office costs, operating costs etc.) who manage the portfolio and lettings, and also depreciations and impairments on tangible assets used for such management and other business expenses related to the management of the property.

Other property charges

in thousands €	2014	2013
Property tax contractually borne by the landlord	-34	-37
Costs contractually borne by the landlord	-104	-70
Security costs	0	-45
Other costs	13	-52
Total other property charges	**-125**	**-204**

The other property charges comprise mainly costs contractually borne by the landlord for the on 22 December 2014 divested Julianus Shopping in Tongeren.

Note 6. General costs

in thousands €	2014	2013
CII tax	-218	-227
Auditor's fee	-80	-77
Directors' remunerations	-31	-31
Liquidity provider	-14	-14
Financial services	-10	-5
Employee benefits	-441	-403
Advice costs	-108	-20
Other costs	-346	-289
Total general costs	**-1.248**	**-1.066**

General costs are all costs related to the management of the company and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and impairments on tangible assets used for his management and other operating costs.

Wilrijk, Boomsesteenweg - 4.884 m²

Note 7. Employee benefits

in thousands €	2014			2013		
	Charges for the patrimony manage-ment	Charges linked to the manage-ment of the company	TOTAL	Charges for the patrimony manage-ment	Charges linked to the manage-ment of the company	TOTAL
Remunerations of employees	**457**	**266**	**723**	**444**	**242**	**686**
Salary and other benefits paid within 12 months	281	155	436	282	144	426
Pensions and post-employment benefits	13	8	21	13	8	21
Social security	79	49	128	77	46	123
Variable remunerations	39	25	64	26	16	42
Dismissal indemnities	0	0	0	0	0	0
Other charges	45	29	74	46	28	74
Remuneration of the management committee	**269**	**175**	**444**	**264**	**161**	**425**
Chairman of the management committee	69	68	137	65	65	130
Fixed remuneration	*61*	*61*	*122*	*60*	*61*	*121*
Variable remuneration	*8*	*7*	*15*	*5*	*4*	*9*
Other members of the management committee	200	107	307	199	96	295
Fixed remuneration	*186*	*80*	*266*	*184*	*73*	*257*
Variable remuneration	*14*	*15*	*29*	*15*	*12*	*27*
Retirement obligations	*0*	*12*	*12*	*0*	*11*	*11*
Total employee benefits	**726**	**441**	**1.167**	**708**	**403**	**1.111**

The number of employees at year-end 2014, expressed in FTE is 4 staff members and 2 members of the management committee for the internal management of the patrimony (respectively 4 and 2 in 2013) and 4 staff members and 1 member of the management for the management of the company (respectively 4 and 1 in 2013). The management team comprises 3 persons.

Remuneration, supplementary benefits, compensation upon termination, redundancy and resignation compensation for personnel in permanent employment are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective bargaining agreements that have been recognised in the income statement in the period to which they refer.

Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. For permanent employees, Vastned Retail Belgium has taken out a group insurance policy - a "defined contribution plan" - with an external insurance company. The company pays contributions to this fund, which is independent of the company. A pension plan with a defined-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further contributions if the fund were to have insufficient assets. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke Act on pensions. The compulsory contributions are recognised in the income statement for the period that they relate to. For financial year 2014 these contributions amount to € 32.000 (€ 32.000 in 2013). The insurance company confirmed as at 31 December 2014 that the deficit to guarantee the minimum return is not material.

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Note 8. Result on disposals of investment properties

in thousands €	2014	2013
Acquisition value	43.176	4.208
Accumulated capital gains and extra-ordinary impairment losses	-291	2.288
Carrying amount (fair value)	**42.885**	**6.496**
Sales price	42.581	7.105
Selling costs	-1.566	-336
Net result of sale	**41.015**	**6.769**
Total result on disposals of investment properties	**-1.870**	**273**

In 2014 Vastned Retail Belgium has sold 19 non-strategic retail warehouse properties and inner-city shops in secondary locations with a total fair value of € 42,9 million.

The divestments concern Julianus Shopping in Tongeren and retail properties in Vilvoorde, Hoboken, Bree, Chênée, Flémalle, Genk, La Louvière, Malmédy, Mons, Sint-Pieters-Leeuw, Waterloo, Antwerp, Westerlo, Hasselt and Wilrijk with a total gross commercial space of approximately 39.000 m².

The total sales price is about 1% lower than the fair value as at 31 December 2013 (fair value as estimated by the independent property expert of the company). The net sales price (after deduction of the sales costs and the VAT revision) lies approximately 4% lower than the fair value as at 31 December 2013. The 19 retail properties represent together 12% of the total fair value of the real estate portfolio of the company.

The common rental income of the divested retail properties amounts to € 3,6 million or approximately 16% of the total rental income of the company.

Note 9. Changes in fair value of investment properties

in thousands €	2014	2013
Positive changes of investment properties	15.855	7.003
Negative changes of investment properties	-4.753	-10.033
Total changes in fair value of investment properties	**11.102**	**-3.030**

In 2014 the fair value of the existing real estate portfolio has increased by 3% compared to 2013. The changes in fair value of investment properties in 2014 are subsequently positive and amount to € 11,1 million compared to negative changes of - € 3,0 million in 2013. The increase in fair value comes from retail properties on top locations, as well in the inner-city of important cities as from important peripheral retail warehouses where a sharpening of the yield occurred during 2014.

Note 10. Other result on portfolio

in thousands €	2014	2013
Changes in spread of rental discounts and benefits granted to tenants	-207	-131
Other changes	-1.098	-23
Total other result on portfolio	**-1.305**	**-154**

The other result on portfolio amounts to - € 1,3 million and comprises the immediate write off of the difference in price of - € 1,1 million on the acquisition of the shares of the company Veldstraat 23-27 sa (owner of the premium high street shop in Ghent) at the end of July 2014. IFRS 3 is not applicable on this acquisition.

Note 11. Financial result

in thousands €	2014	2013
Financial income	6	3
Net interest charges with fixed interest rate	-3.652	-4.529
Net interest charges with variable interest rate	-535	-354
Other financial costs	-10	-11
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-1.240	1.586
Total financial result	**-5.431**	**-3.305**

The financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounts for financial year 2014 to - € 4,2 million (- € 4,9 million in 2013). The decrease of € 0,7 million or 14% results mainly from the start of interest rate swaps (for hedging credit facilities with a variable interest rate) at lower interest rates than the interest rate of the interest rate swaps which have expired. The average interest rate of the company for 2014 decreases to 3,2% including bank margins compared to 4,0% for financial year 2013.

Net interest charges classified by credit line expiry date

in thousands €	2014	2013
Net interest charges on non-current financial debts	-3.009	-4.541
Net interest charges on current financial debts	-1.178	-342
Total net interest charges	**-4.187**	**-4.883**

The average interest rate of the financial debts amounts for 2014 to 4,0% including bank margins (4,0% for 2013).

The average interest rate for 2014 of the non-current financial debts amounts to 3,1% including bank margins (4,6% in 2013), and of the current financial debts to 3,3% including bank margins (1,5% in 2013).

For 2015 the (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2014 at the fixed or variable interest rate as at 31 December 2014 amounts to approximately € 3,3 million (€ 3,6 million in 2013).

For financial year 2014, the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1% gives a negative result of approximately € 0,4 million (€ 0,3 million in 2013). The financial derivatives are included in the calculations. Given the currently low market rate a hypothetical decrease of the interest rates by 1% is not realistic.

Note 12. Taxes on the result

in thousands €	2014	2013
Corporate income tax	-290	-33
Total taxes	**-290**	**-33**

With the RREC Act (formerly the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator gave a favourable tax status to a RREC. If a company converts its status into that of a RREC, or if an (ordinary) company merges with a RREC, it must pay a one-off tax (exit tax). Thereafter, the RREC is only subject to taxes on very specific items, e.g. “Disallowed expenditure”. No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties.

Note 13. Number of shares and result per share

Movement of the number of shares

	2014	2013
Number of shares at the beginning of the financial year	5.078.525	5.078.525
Number of shares at the end of the financial year	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525
Adjustments for calculation of diluted result per share	0	0
Weighted average number of shares for calculation of diluted result per share	5.078.525	5.078.525

Determination of amount of mandatory dividend distribution

The amount subject to distribution is determined pursuant to article 13 § 1 sixth paragraph of the RREC Royal Decree and Chapter 4 of the annex C of the RREC Royal Decree.

in thousands €	2014	2013
Net result according to statutory annual accounts	**20.494**	**12.194**
Adjustment for non-cash flow transactions included in the net result:		
• Depreciations and reversal of depreciations and impairments	58	70
• Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	2.207	-1.590
• Result on portfolio	-9.111	2.844
Corrected result for mandatory distribution	**13.648**	**13.518**
Mandatory distribution: 80%	**10.918**	**10.814**
Operating distributable result (statutory annual accounts)	13.590	13.448
Operating distributable result (consolidated annual accounts)	13.801	13.448

The distributable earnings per share, based on the statutory annual accounts of Vastned Retail Belgium sa, amount to € 13,6 million in 2014 compared to € 13,4 million in 2013. The difference with the operating distributable result according to the consolidated annual accounts concerns the operating distributable result of the subsidiaries Veldstraat 23-27 and EuroInvest Retail Properties.

No further adjustments must be made on the corrected result for any non-exempted capital gain on disposals of investment properties or debt reductions. Consequently, the corrected result is equal to the amount eligible for mandatory distribution of 80% pursuant to article 45, 2° of the RREC Act.

Vastned Retail Belgium chooses to distribute 100% of the consolidated operating distributable result to its shareholders and offers consequently an additional distribution from the reserves of the company regarding the difference between the statutory and consolidated operating distributable result. This amounts to 101% of the statutory operating distributable result.

Calculation of result per share

in €	2014	2013
Ordinary net result per share	4,03	2,40
Diluted net result per share	4,03	2,40
Operating distributable result per share (statutory annual accounts)	2,68	2,65
Operating distributable result of the subsidiaries Veldstraat 23-27 sa and EuroInvest Retail Properties sa	0,04	0
Operating distributable result per share (consolidated annual accounts)	2,72	2,65

Proposed dividend per share

After the closing of the financial year, the dividend distribution shown below is proposed by the board of directors. This will be presented to the general meeting of shareholders on 29 April 2015. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2014	2013
Dividend per share (in €)	2,72	2,65
Remuneration of share capital (in thousands €)	13.814	13.458
Dividend as a percentage of consolidated operating distributable result (%)	100%	100%

Determination of the amount pursuant to article 617 of the Belgian Companies Code

The amount, as referred to in article 617 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, the called-up capital, plus all reserves which, pursuant to the law or the articles of association, may not be distributed, is determined in Chapter 4 of annex C of the RREC Royal Decree of 13 July of 2014.

This calculation is based on the statutory annual accounts of Vastned Retail Belgium sa.

in thousands €	2014	2013
Non-distributable elements of shareholders' equity for distribution		
Paid-up capital	97.213	97.213
Unavailable share premium, according to the articles of association	4.183	4.183
Reserve for the positive balance of changes in investment value of real estate properties	131.743	134.524
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.970	-8.907
Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting	-206	-504
Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting	-3.106	-4.692
Other reserves	625	622
Result of the financial year which, pursuant to Chapter I of Annex C of the Royal Decree of 13 July 2014, is to be allocated to non-distributable reserves		
Result on portfolio	9.111	-2.844
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and non-current financial assets	-2.207	1.590
Total non-distributable shareholders' equity	**228.386**	**221.184**
Statutory shareholders' equity	**242.800**	**235.467**
Planned dividend distribution	13.814	13.458
Number of shares	5.078.525	5.078.525
Operating distributable result per share	2,72	2,65
Shareholders' equity after dividend distribution	**228.986**	**222.009**
Remaining reserves after distribution	**600**	**824**

Note 14. Non-current assets

Investment properties

Investment and revaluation table

in thousands €	2014			2013		
	Inner-city shops	Retail ware-houses[18]	TOTAL	Inner-city shops	Retail warehouses	TOTAL
Balance sheet on 1 January	**211.386**	**150.292**	**361.678**	**201.202**	**157.981**	**359.183**
Acquisitions of investment properties	0	0	0	11.670	0	11.670
Investments in existing investment properties	0	36	36	204	0	204
Acquisition of shares of real estate companies	26.605	0	26.605	0	0	0
Disposals of investment properties	-4.699	-38.186	-42.885	-1.631	-4.718	-6.349
Changes in fair value of investment properties	8.739	2.363	11.102	-59	-2.971	-3.030
Balance sheet as at 31 December	**242.031**	**114.505**	**356.536**	**211.386**	**150.292**	**361.678**
OTHER INFORMATION						
Investment value of real estate properties	248.082	117.368	365.450	216.671	154.049	370.720

As at 31 December 2014, the fair value of the **investment properties** of Vastned Retail Belgium amounts to € 357 million (€ 362 million in 2013). This decrease of € 5 million in 2014 compared to 31 December 2013 is mainly the combined effect of:

- the divestment of 19 non-strategic retail warehouses and inner-city shops in secondary locations with a fair value of € 42,9 million as at 31 December 2013
- the acquisition of a premium high street shop in a prime location on Veldstraat in Ghent with a fair value of approximately € 26,7 million
- an increase in fair value of the existing real estate portfolio of € 11,1 million mainly for retail properties located in prime locations, in the inner-city of important cities as well as in retail parks in the periphery, through the sharpening of the yields.

In 2014 Vastned Retail Belgium has acquired 99% of the shares of the company Veldstraat 23-27 for a purchase price of € 21,7 million. Veldstraat 23-27 comprises € 0,7 million in cash. The net cash flow following the acquisition amounts thus to € 21,0 million. The retail property represents a fair value of € 26,7 million and generates an annual rental income of approximately € 1,1 million. Furthermore following this acquisition the deferred tax of € 3,7 million is recorded. IFRS 3 is not applicable on this acquisition.

As at 31 December 2014, the investment properties are valued at € 365 million (investment value) by the independent property experts. The fair value is the investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future potential disposal.

For the explanation of the changes in fair value of investment properties, please see Note 9.

As at 31 December 2014, there were no investment properties mortgaged as security for loans taken out or for credit facilities at financial institutions.

18 Till the date of divestment, being 22 December 2014, this segment also comprised shopping centre Julianus Shopping in Tongeren.

IFRS 13

IFRS 13 applies to financial years beginning on or after 1 January 2013. It introduces a standardised framework for measuring fair value and a disclosure requirement regarding fair value measurement when this valuation principle is required or permitted by virtue of other IFRS standards. IFRS 13 specifically defines fair value as the price that would be received for the sale of an asset or that would have to be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirement in IFRS 13 regarding fair value measurements also serves to replace or expand upon the requirements imposed by other IFRS standards, including IFRS 7 Financial Instruments: Disclosures.

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.

Valuation of investment properties

The fair value of all of the company's investment properties is valued each quarter by independent property experts. The fair value is based on the market value (i.e. adjusted for the 2,5% purchasing fees as described in the "Principles of financial reporting - Investment properties" - see above), which is the estimated amount for which an investment property can be sold at the measurement date by a seller to a willing buyer in a business-like, objective transaction preceded by sound negotiations among knowledgeable and willing parties.

If no current market prices are available in an active market, the measurements are made on the basis of a calculation of gross returns in which the gross market rents are capitalised. The measurements obtained are adjusted for the present value (NPV) of the difference between the net current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease agreements. Rent discounts and rent-free periods are also taken into consideration. For buildings that are partially or completely vacant, the measurement is made on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions.

The yields used are specific to the type of property, location, state of maintenance and the leasability of each property. The basis used to determine the yields is formed by comparable transactions and supplemented with knowledge of the market and of specific buildings. Comparable transactions in the market are also taken into account for the valuation of properties.

The yields described in the property report are calculated by dividing the (theoretical) gross rent of the real estate by the investment value of the investment properties expressed as a percentage. The average gross yield of the total investment portfolio as per 31 December 2014 comes to 5,7% (6,3% as at 31 December 2013).

Assumptions are made per property, per tenant and per vacant unit concerning the likelihood of lease/re-lease, number of months vacant, incentives and rental costs.

The most important hypotheses regarding the valuation of the investment properties are:

	2014	2013
Average gross market rent per m² (in €)		
• Inner-city shops	373	356
• Retail warehouses	105	99
Average gross yield (in %)	**5,7%**	**6,3%**
• Inner-city shops	5,2%	5,6%
• Retail warehouses	6,9%	7,3%
Average net yield (in %)	**5,1%**	**5,6%**
• Inner-city shops	4,6%	4,9%
• Retail warehouses	6,1%	6,5%
Vacancy rate (in %)	**2,1%**	**4,6%**

In the case of a hypothetical negative adjustment of 1% (from 5,6% to 6,6% on average) to the yield used by property experts for valuing the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate would decrease by € 54 million or 15%. This would raise the debt ratio of the company by 6% to around 37%. If this is reversed, and a hypothetical positive adjustment of 1% (from 5,6% to 4,6% on average) is made to this yield, the fair value of the real estate would increase by € 78 million or 22%. This would lower the debt ratio of the company by 6% to around 25%.

In the case of a hypothetical decrease in the current rents of the company (assuming a constant yield) of € 1 million (from € 20,4 million to € 19,4 million), the fair value of the real estate would decrease by € 17 million or 5%. This would raise the debt ratio of the company by 2% to around 33%. In the reverse case of a hypothetical increase of the current rents of the company (assuming a constant yield) of € 1 million (from € 20,4 million to € 21,4 million), the fair value of the real estate would increase by € 17 million or 5%. This would lower the debt ratio of the company by 1% to around 30%.

A correlation exists between changes in the current rents and the yields that are used to value the real estate, but this was not factored into the above sensitivity analysis.

Valuation process for investment properties

Investment properties are recorded in the accounts on the basis of valuation reports drawn up by independent and expert property assessors. These reports are based on information supplied by the company and the assumptions and valuation models used by the property experts.

- Information supplied by the company, such as current rents, periods and conditions of lease agreements, service charges, investments, etc. This information comes from the company's financial and management system and is subject to the generally applicable verification system of the company.

- The assumptions and valuation models used by the property experts. These assumptions relate mainly to the market situation, such as yields and discount rates. They are based on their professional assessment and observation of the market.

For a detailed description of the valuation method used by the property experts, please refer to the section of the Property report entitled "valuation of the portfolio by property experts".

The information provided to the property experts, as well as the assumption and the valuation models, are checked by the company's business analyst and also by the management committee of the company. This involves an examination of the changes in fair value during the relevant period.

Other tangible assets

in thousands €	2014	2013
Amount at the end of the preceding financial year	**560**	**602**
Acquisitions	0	60
Depreciations	-83	-102
Amount at the end of the financial year	**477**	**560**

Vastned Retail Belgium installed in 2012 solar panels in own management on the retail warehouse located on Boomsesteenweg 660 in Wilrijk. The generated energy is provided at favourable rates to tenants AS Adventure, Tony Mertens, Brantano and Premaman. Vastned Retail Belgium receives a subsidy of € 250 per 1.000 kWh of energy generated. This investment in solar panels amounted in 2012 to € 0,5 million and generates a yield of 7,6%. The revenue of the solar panels are recorded under the item "Other rental-related income and expenses".

Solar panels are valued on an annual basis by the independent property experts. The fair value is determined based on the discount of the future guaranteed revenues from green power certificates, under normal sunshine hours, taking into account normal maintenance costs. The useful life of solar panels is estimated at 20 years.

Note 15. Current assets

Assets held for sale

in thousands €	2014	2013
Hoboken Zeelandstraat	1.912	0
Antwerp Abdijstraat	470	0
Other	1.774	0
Total assets held for sale	**4.156**	**0**

Trade receivables

in thousands €	2014	2013
Outstanding trade receivables	157	147
Invoices to be issued and credit notes to be received	6	26
Doubtful debtors	162	170
Provision doubtful debtors	-162	-170
Total trade receivables	**163**	**173**

Thanks to a strict credit control the number of days of outstanding customers' credit is only 2 days.

Aging analysis of trade receivables

in thousands €	2014	2013
Receivables < 30 days	71	50
Receivables 30-90 days	48	42
Receivables > 90 days	38	55
Total outstanding trade receivables	**157**	**147**

For the follow-up of the debtor's risk used by Vastned Retail Belgium, please see the description of the most important risk factors and internal control and risk management systems.

Tax receivables and other current assets

in thousands €	2014	2013
Taxes receivables	106	81
Receivables on insurances	0	7
Other receivables	107	3
Total tax receivables and other current assets	**213**	**91**

Note 16. Shareholders' equity

Evolution of share capital

Date	Transaction	Share capital movement	Total outstanding share capital after transaction	Number of share issued	Total number of shares
		in thousands €	in thousands €	in units	in units
15.06.1987	Constitution	74	74	3	3
30.06.1996	Capital increase	3.607	3.682	146	149
30.06.1997	Absorption	62	3.744	8	156
31.07.1997	Capital increase	1.305	5.049	71	227
22.12.1997	Absorption	1.529	6.578	69	296
06.11.1998	Absorption	3.050	9.628	137	434
23.12.1998	Absorption	874	10.502	101	535
23.12.1998	Capital increase	23.675	34.178	1.073	1.608
23.12.1998	Capital increase	33.837	68.015	1.723	3.332
31.03.1999	Capital decrease	-3.345	64.670	0	3.332
01.11.1999	Merger GL Trust	13.758	78.428	645.778	3.977.626
01.11.1999	Capital increase (VastNed)	21.319	99.747	882.051	4.859.677
25.11.1999	Capital decrease (compensation of losses)	-7.018	92.729	0	4.859.677
29.02.2000	Capital increase (contribution in kind Mechelen Bruul)	2.263	94.992	90.829	4.950.506
30.06.2000	Capital increase (contribution in kind La Louvière)	544	95.536	21.834	4.972.340
30.06.2000	Capital increase (contribution in kind avenue Louise 7)	1.306	96.842	52.402	5.024.742
20.09.2000	Merger by absorption Immorent, Nieuwe Antwerpse Luxe Buildings, Zeven Zeven and News Of The World	79	96.921	14.004	5.038.746
20.09.2000	Conversion of share capital to euro	79	97.000	0	5.038.746
08.05.2002	Merger by absorption of the limited liability company Immobilière de l'Observatoire	3	97.003	7.273	5.046.019
30.12.2002	Merger by absorption of the limited liability companies GL Properties, Retail Development, Winvest, Immo 2000M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol and Immo Shopping Tienen	209	97.212	26.701	5.072.720
30.12.2002	Merger by absorption of company Immo GL	1	**97.213**	5.805	**5.078.525**

As at 31 December 2014, the share capital amounts to € 97.213.233,32 and is divided among 5.078.525 fully paid-up shares with no statement of nominal value.

Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 97.213.233,32 by contribution in cash or contribution in kind, if applicable, by incorporation of reserves or share premiums, by incorporation of reserves or share premiums, under regulations provided for by the Belgian Companies Code, article 7 of the articles of association and article 26 of the RREC Act.

This authorisation is valid for a period of five years from the publication in the annexes to the Belgian Official Gazette of the official report of the extraordinary general meeting dated 24 April 2013, i.e. from 26 June 2013 onwards. This authorisation is valid until 26 June 2018. The authorisation to use authorized capital as possible means of defence in the event of a takeover bid is, pursuant to article 607, second paragraph, of the Belgian Companies Code, only valid for three years and expires on 26 June 2016. This authorisation is renewable.

Whenever there is a capital increase, the board of directors shall set the price, any share premium and the conditions of issuance of the new shares, unless the general meeting is to decide on that itself. The capital increases may give rise to the issuance of shares with or without voting right.

Capital increases can give rise to the issue of shares with or without voting right. When capital increases, decided by the board of directors following this authorisation, comprise a share premium, the amount of this share premium must be recorded on a special unavailable account, named "share premium", which constitutes as the capital the guarantee for third parties and which will not be reduced or decreased unless by decision of the general assembly, meeting pursuant to the conditions of attendance and majority provided for a capital decrease, except for the conversion into capital as mentioned above.

In 2014, the board of directors did not make use of the authorisation granted to use amounts from the authorised capital.

Purchase of own shares

Pursuant to article 9 of the articles of association, the board of directors can proceed to the purchase of own paid-up equity shares by buying or exchanging within the legally permitted limits, if the purchase is necessary to protect the company from a serious and threatening loss.

This authorisation is valid for three years from the publication of the minutes of the general meeting of 24 April 2013, i.e. from 26 June 2013. This permission is valid till 26 June 2016 and is renewable.

Capital increase

All capital increases will be implemented pursuant to articles 581 to 607 of the Belgian Companies Code, subject to that stated hereafter with respect to the pre-emptive right.

Moreover, the company must comply with the provisions for the public issue of shares as defined in articles 26 and 27 of the RREC Act.

In case of a capital increase through a contribution in cash and without prejudice to articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities. This priority allocation right must satisfy the following conditions:

1. it is related to all newly issued securities;
2. it is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
3. a maximum price per share is announced at the latest on the eve of the opening of the public subscription period; and
4. in such a case, the public subscription period must be at least three trading days.

Capital increases realised through contributions in kind are subject to the provisions of articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to article 26 §2 of the RREC Act, the following conditions must be met:

1. the identity of the contributor must be mentioned in the report referred to in article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase;
2. the issue price may not be less than the lowest value of (a) a net asset value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date; for the application of previous sentence it is allowed to deduct an amount of the amount meant in previous paragraph at point (b) which correspond to the part of the non-distributed gross dividend on which the new shares possibly would give no rights, on the condition that the board of directors specifically justifies the deducted amount of the cumulated dividend in its special report and explains the financial conditions of the operation in its financial report.
3. except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months; and
4. the report referred to under 1. must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net asset value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

Share premium

in thousands €		2014	2013
Date	**Transaction**		
01.11.1999	Merger GL Trust	4.183	4.183
Total share premium		**4.183**	**4.183**

Reserves

Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2014	2013
Amount at the end of the preceding financial year	**-8.980**	**-9.055**
Changes in investment value of investment properties of the preceding financial year	71	-196
Impact on acquisitions/purchases of investments properties of the preceding financial year	-292	0
Impact on disposals of investments properties of the preceding financial year	159	271
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-9.042**	**-8.980**

The difference between the fair value of the real estate property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is recognised in this item.

The transfer of the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties are no longer, recorded during the financial year but only after approval of the result distribution by the general meeting of shareholders (in April of next financial year). As this concerns a transfer within two items of shareholders' equity, it has no impact on the total shareholders' equity of the company.

For the movement of the reserves during the financial year 2014, please see the statement of changes in equity.

Note 17. Current liabilities

Trade debts and other current debts

in thousands €	2014	2013
Trade debts	946	833
Advances received from tenants	391	1.134
Invoices to be received	992	434
Other current debts	4.880	175
Total trade debts and other current debts	**7.209**	**2.576**

The other current debts comprise, among others, the deferred taxes on the company Veldstraat 23-27 for € 3,7 million and the VAT revision resulting from the divestment of Julianus Shopping in Tongeren for € 0,6 million.

Other current liabilities

in thousands €	2014	2013
Dividends payable	25	25
Guarantees received after bankruptcies	57	92
Other current liabilities	54	58
Total other current liabilities	**136**	**175**

Accrued charges and deferred income

in thousands €	2014	2013
Accrued interest charges	391	488
Accrued vacancy costs	207	180
Other accrued charges and deferred income	411	256
Total accrued charges and deferred income	**1.009**	**924**

Note 18. Non-current and current financial debts

For the description of the Financial structure of the company, please see the Report of the management committee.

Classification by expiry date of withdrawn credit facilities

in thousands €	2014			2013		
	Debts with a remaining duration of			Debts with a remaining duration of		
	< 1 year	> 1 year and < 5 years	TOTAL	< 1 year	> 1 year and < 5 years	TOTAL
Credit institutions: (credits withdrawn)	19.250	86.900	106.150	8.400	113.700	122.100
Financial lease	6	6	12	5	12	17
TOTAL	**19.256**	**86.906**	**106.162**	**8.405**	**113.712**	**122.117**
Percentage	**18%**	**82%**	**100%**	**7%**	**93%**	**100%**

Guarantees regarding financing

In addition to the requirement to maintain the regulated real estate company's charter and to comply with financial ratios as enforced by the RREC Act, the bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to company's consolidated financial debt or its financial interest charges, the prohibition on the mortgaging or pledging of real estate investments and the pari passu treatment of creditors. The financial ratios limit the amount that could still be borrowed by Vastned Retail Belgium.

For the purpose of the financing of the company, no mortgage registrations have been made and no mortgage authorisations have been permitted as per 31 December 2014.

For most financings, credit institutions generally require an interest coverage ratio of more than 2 (see description of the Financial structure in the Report of the management committee).

These ratios are respected as at 31 December 2014. If Vastned Retail Belgium were no longer to respect these ratios, the financial institutions could demand that the financing agreements of the company be cancelled, renegotiated, terminated or prematurely repaid.

Classification by expiry date of credit lines

in thousands €	2014			2013		
	Debts with a remaining duration of			Debts with a remaining duration of		
	< 1 year	> 1 year and < 5 years	TOTAL	< 1 year	> 1 year and < 5 years	TOTAL
Credit institutions: (credits withdrawn)	19.250	86.900	106.150	8.400	113.700	122.100
Not-withdrawn credit lines	23.145	8.100	31.245	8.994	6.300	15.294
TOTAL	**42.395**	**95.000**	**137.395**	**17.394**	**120.000**	**137.394**
Percentage	**31%**	**69%**	**100%**	**13%**	**87%**	**100%**

"Classification by expiry date of credit lines" comprises an amount of € 31 million of not-withdrawn credit lines (€ 15 million as at 31 December 2013). These do not form at closing date an effective debt but are only a potential debt under the form of an available credit line.

Classification by variable or fixed character of withdrawn credit facilities at financial institutions

in thousands €	2014				2013			
	Debts with a remaining duration of			Percentage	Debts with a remaining duration of			Percentage
	< 1 year	> 1 year and < 5 years	TOTAL		< 1 year	> 1 year and < 5 years	TOTAL	
Variable	4.250	21.900	26.150	25%	8.400	23.700	32.100	26%
Fixed	15.000	65.000	80.000	75%	0	90.000	90.000	74%
TOTAL	**19.250**	**86.900**	**106.150**	**100%**	**8.400**	**113.700**	**122.100**	**100%**

In the above table "Classification by variable or fixed character of withdrawn credit facilities at financial institutions" the percentage is calculated as the relation of each component to the sum of the credit lines.

Note 19. 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 in thousands €			2014		2013	
	Categories	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL INSTRUMENTS ON ASSETS						
Non-current assets						
Non-current financial assets	C	2	0	0	17	17
Trade receivables and other non-current assets	A	2	7	7	3	3
Current assets						
Trade receivables	A	2	163	163	173	173
Tax receivables and other current assets	A	2	213	213	91	91
Cash and cash equivalents	B	2	339	339	1.860	1.860
FINANCIAL INSTRUMENTS ON LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	86.906	87.272	113.712	113.933
Other non-current financial liabilities	C	2	4.552	4.552	3.106	3.106
Other non-current liabilities	A	2	174	174	109	109
Current liabilities						
Current financial debts (interest-bearing)	A	2	19.256	19.256	8.405	8.405
Other current financial liabilities	C	2	0	0	521	521
Trade debts and other current debts	A	2	7.209	7.209	2.576	2.576
Other current liabilities	A	2	136	136	175	175

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. 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 following techniques are used to measure the fair value of level 2 financial instruments:

- for the items "Other non-current financial liabilities" and "Other current financial liabilities" (which apply to the interest rate swaps), the fair value is determined by means of observable data, namely the forward interest rates that apply to active markets, which are generally supplied by financial institutions
- the fair value of the remaining level 2 financial assets and liabilities is practically the same as their carrying amount, either because they have a short-term maturity (such as trade receivables and debts) or because they carry a variable interest rate. When the fair value of the interest-bearing financial liabilities is calculated, the financial liabilities with a fixed interest rate are taken into account, and the future cash flows (interest and capital redemption) are discounted with a market-based yield. Financial liabilities that carry a variable interest rate or which are hedged by a financial derivative were not taken into account.

Vastned Retail Belgium employs interest rate swaps to hedge potential changes in the interest charges on a portion of the financial liabilities that have a variable interest rate (the short-term Euribor rate). These interest rate swaps are classified as a cash flow hedge, with the effectiveness or ineffectiveness of the hedges determined in the process.

- The effective part of the changes in the fair value of derivatives designated as cash flow hedges is recognised in the comprehensive income on the line "Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting". As a result, hedge accounting is applied to these swaps, and it is on this basis that changes in the value of these swaps are recognised directly in the shareholders' equity and not in the income statement.
- The ineffective part is recognised in the income statement on the line "Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)" in the financial result.

Fair value of financial derivatives

As at 31 December 2014, the company has following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	2014	2013
1a	IRS	15.12.2013	15.12.2017	0,79%	10.000	Yes	0	17
Non-current financial assets							**0**	**17**
1b	IRS	15.12.2013	15.12.2017	0,79%	10.000	Yes	-206	0
3	IRS	15.04.2013	15.04.2018	2,29%	10.000	No	-726	-589
4	IRS	06.10.2013	06.10.2018	2,60%	15.000	No	-1.412	-1.118
5	IRS	06.10.2013	06.10.2018	2,50%	10.000	No	-902	-698
6	IRS	15.12.2013	15.12.2018	2,50%	10.000	No	-937	-701
7	IRS	01.10.2014	01.10.2019	0,72%	15.000	No	-369	0
Other non-current financial liabilities							**-4.552**	**-3.106**
	IRS	01.10.2009	01.10.2014	3,02%	25.000	Yes	0	-521
Other current financial assets							**0**	**-521**
Total fair value financiële derivaten					**70.000**		**-4.552**	**-3.610**
Accounting process as at 31 December:								
• In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting							-206	-504
• In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting							-3.106	-4.692
• In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							-1.240	1.586
Total fair value financial derivatives							**-4.552**	**-3.610**

As at 31 December 2014, these interest rate swaps have a negative market value of - € 4,6 million (contractual nominal value: € 70 million), which is determined on a quarterly basis by the issuing financial institute. Interest rate swap 1 had a positive market value as at 31 December 2013 and was classified under the financial assets. As at 31 December 2014 this swap has a negative market value and is classified other non-current financial liabilities. The conversion is divided in above summary in 1a and 1b.

The fair value of the derivatives is exclusively determined by the information having an observable character for the derivative (directly or indirectly) but which is not a price listed on the active market and consequently the IRS contracts are belonging to level 2 of the hierarchy of the fair value as determined by IFRS 7.

As at 31 December 2014, Vastned Retail Belgium classifies the interest rate swap 1 as cash flow hedges, determining that this interest rate swap is effective. The fluctuations in value of the interest rate swaps 2 till 7 included are recognised directly in the income statement.

Management of financial risks

The major financial risks of Vastned Retail Belgium are the financial risk, liquidity risk and the interest rate risk.

- Financial risk

  For the description of this risk and its management is referred to chapter "Financial risk" in the description of the Major risk factors and internal control and risk management systems of the Report of the board of directors.

  For financing real estate, Vastned Retail Belgium always strives for a balance between shareholders' equity and borrowed capital. In addition, Vastned Retail Belgium aims to safeguard its access to the capital market through the transparent disclosure of information, by maintaining regular contacts with financiers and (potential) shareholders and by increasing the liquidity of the share. Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from if specific market conditions require this. The average remaining duration of the long-term credit agreements as at 31 December 2014 is 2,1 years. Vastned Retail Belgium has also diversified its funding sources through the use of 5 European financial institutions.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 18. Non-current and current financial debts" in the Financial report.

- Liquidity risk

  For the description of this risk and the way it is managed, please refer to the section entitled "Liquidity risk" in the description of the Major risk factors and internal control and risk management systems in the Report of the board of directors.

  The bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Vastned Retail Belgium or its financial interest charges. In order to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. As at 31 December 2014, the company still had € 31 million in non-withdrawn credit lines with its lenders for the purpose of absorbing fluctuations in liquidity requirements.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the management committee as well in "Note 18. Non-current and current financial debts" of the Financial report.

- Interest rate risk

  For the description of this risk and the way it is managed, please refer to the section entitled "Interest rate risk" in the description of the Major risk factors and internal control and risk management systems in the Report of the board of directors.

  As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one third borrowed capital with a variable interest rate and two thirds borrowed capital with a fixed interest rate. Depending on the developments in interest rates, a derogation from this may occur. Furthermore, for long-term borrowed capital, a balanced spread of interest rate review dates and a minimum duration of 3 years are targeted. As at 31 December 2014 the interest rates on the credit facilities of the company remain fixed for a remaining average duration of 3,3 years.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 18. Non-current and current financial debts" and "Note 11. Financial result" in the Financial report.

Note 20. Calculation of debt ratio

As at 31 December 2014, the consolidated debt ratio amounts to 31%.

in thousands €	Note	2014	2013
Non-current financial debts	18	86.906	113.712
Other non-current liabilities		173	109
Current financial debts	18	19.256	8.405
Trade debts and other current debts	17	7.209	2.576
Other current liabilities	17	136	175
Total liabilities for calculation of debt ratio		**113.680**	**120.215**
Assets		362.414	365.033
Non-current financial assets		0	-17
Total assets for calculation of debt ratio		**362.414**	**365.016**
Debt ratio		**31%**	**34%**

Note 21. Related parties

The company's related parties are its majority shareholder, its subsidiaries (see Note 22) and its directors and members of the management committee.

Debts to related parties

in thousands €	2014	2013
Vastned Retail nv credit facility	17.000	0
Vastned Retail nv interest charges to pay	26	0
Total	**17.026**	**0**

As part of the acquisition of 99% of the shares of the company Veldstraat 23-27 sa, owner of the premium high street shop in Ghent, Vastned Retail Belgium concluded at the end of July 2014 a temporary financing with its majority shareholder Vastned Retail nv for an amount of € 17 million.

On 12 January 2015 Vastned Retail Belgium repaid the total amount of the financing to Vastned Retail nv and the "Term Loan Agreement" was herewith terminated.

In the framework of a possible conflict of interests with the majority shareholders of the company the procedure of article 524 of the Belgian Companies Code was applied at the end of July 2014 (see Note 23).

Directors and members of the management committee

The remuneration for the directors and the members of the management committee are classified in the items "Property management costs" and "General costs" (see Notes 5 and 6). For further explanation of the composition of the remuneration of the members of the management committee, please see "Note 7. Employee benefits".

in thousands €	2014	2013
Directors	62	62
Members of the management committee	444	425
Total	**506**	**487**

The directors and members of the management committee do not receive additional benefits on the account of the company.

Note 22. List of consolidated companies

Company name	Address	Enterprise identification number	Capital share (in %)	Minority interests in thousands €	
				2014	2013
Veldstraat 23-27 sa	Uitbreidingstraat 18 2600 Berchem	BE 0448 976 277	99%	167	0
EuroInvest Retail Properties sa	Uitbreidingstraat 18 2600 Berchem	BE 0479 506 731	100%	0	0
Total minority interests				**167**	**0**

Note 23. Dealing with conflicts of interest

In case of a potential conflict of interest with a major shareholder of the company, the procedure defined in article 524 of the Belgian Companies Code shall be applicable. Reference is also made to Articles 36 to 38 of the RREC Act concerning the prevention of conflicts of interest.

A similar conflict of interest occurred in July 2014 regarding the provision of temporary financing by Vastned Retail nv to Vastned Retail Belgium sa for the financing of the acquisition of the shares of Veldstraat 23-27 sa.

In its capacity as lender, Vastned Retail nv wished to provide a loan of EUR 17 million to Vastned Retail Belgium sa under the "Term Loan Agreement," which had to be repaid in full at the latest on 29 March 2015 by Vastned Retail Belgium sa to Vastned Retail nv.

The amount of the loan of € 17 million under the "Term Loan Agreement" could only be used by Vastned Retail Belgium sa with a view to acquiring 99% of the shares of the company Veldstraat 23-27 sa, which is owner of the inner-city shop located at Veldstraat 23-27 in Ghent.

The loan under the "Term Loan Agreement" was not secured but also not subordinated. The interest rate was 6-month Euribor plus 1.40% per annum.

By decision of 28 July 2014, the board of directors consequently appointed a committee of three independent directors, in the person of Jean-Pierre Blumberg, Nick van Ommen, and EMSO bvba permanently represented by Chris Peeters, who in turn appointed two experts in the person of Patrick Moermans and Alexis Meeùs of Degroof Corporate Finance, a wholly-owned subsidiary of Bank Degroof sa.

In consultation with and assisted by Patrick Moermans and Alexis Meeùs, this committee drafted a recommendation, of which the decision was as follows:

"The Committee believes that entering into the "Term Loan Agreement" for the purpose of acquiring 99% of the shares of the company Veldstraat 23-27 NV is to the advantage of the Company and certainly not of such a nature for it be disadvantageous to it, which, in the light of the policy of the Company is manifestly unlawful. The commercial advantage was described above.

The Company can thus obtain very short-term liquid funds amounting to € 17.000.000 at a market interest rate of Euribor 6 months plus 1,40% per year and this in the context of Company's strategy to add a top retail property in the city centre of Ghent to its real estate portfolio."

The board of directors subsequently decided on 28 July 2014 to sign the "Term Loan Agreement" between Vastned Retail nv and Vastned Retail Belgium sa.

The board of directors also requested the company's auditors, Deloitte Company Auditors, Burgl. Venn. specifying CVBA, represented by Kathleen De Brabander, company auditor, in accordance with article 524 § 3 of the Belgian Companies Code, to give an opinion on the accuracy of the data specified in the recommendation of the committee of three independent directors, assisted by the independent expert. The decision of the auditor in this respect is as follows:

"On the basis of the above work, we can conclude that the data contained in the recommendation of the Committee and in the minutes of the board of directors are faithfully presented. However, this does not mean that we have given a discretionary opinion on the recommendation of the Committee and the decision of the board of directors."

The board also stated that the procedure imposed by Article 37 of the RREC Act has been respected.

On 12 January 2015, Vastned Retail Belgium sa repaid in full the amount of the financing to Vastned Retail nv and the "Term Loan Agreement" was thereby terminated.

Note 24. Fee of the auditor and entities affiliated with the auditor

in thousands €	2014	2013
Excl. VAT		
Fee statutory auditor	67	63
Fee for exceptional activities or special assignments within the company by the statutory auditor regarding		
• Other control assignments	2	0
• Tax advice assignments	0	0
• Other assignments apart from audit assignments	16	9
Fee for exceptional activities or special assignments within the company by persons affiliated with statutory auditor	0	0
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	**85**	**77**

Note 25. Conditional obligations

As at 31 December 2014 Vastned Retail Belgium has a potential conditional sheet obligation regarding stability problems in its inner-city shop in Malines. Based on its contractual responsibility against its tenants, which does not fall under the public liability insurance, a possible indemnity may be due by Vastned Retail Belgium to Coolcat and H&M. Presently the responsibility of Vastned Retail Belgium has not been determined and the amount of the suffered damages is not yet known. At the end of October 2013 the legal expert has presented his preliminary report to the concerned parties. From this preliminary report can currently be concluded that Vastned Retail Belgium is not responsible for the stability problems.

Furthermore, as at 31 December 2014 Vastned Retail Belgium has conditional sheet obligations regarding financing. No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial Institutions do however demand that the investment fund continues to comply with the financial ratios as laid down by the RREC Act. For the financing, the credit institutions generally require a coverage ratio of more than 2.

Note 26. Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2014.

On 12 January 2015, Vastned Retail Belgium sa repaid in full the amount of the financing to Vastned Retail nv and the "Term Loan Agreement" was thereby terminated (see Note 23).

Bruges, Steenstraat - 2.058 m²

STATUTORY AUDITOR'S REPORT

VASTNED RETAIL BELGIUM NV/SA,
PUBLIC REGULATED REAL ESTATE COMPANY
UNDER BELGIAN LAW

STATUTORY AUDITOR'S REPORT
TO THE SHAREHOLDERS' MEETING
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

To the shareholders,

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Vastned Retail Belgium NV/SA, Public regulated real estate company under Belgian law ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 362.414 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 20.494 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Vastned Retail Belgium NV/SA, Public regulated real estate company under Belgian law give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, 16 March 2015

The statutory auditor,

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Kathleen De Brabander

STATUTORY ANNUAL ACCOUNTS VASTNED RETAIL BELGIUM SA

The statutory annual accounts of Vastned Retail Belgium sa are prepared according to the IRFS standards and in accordance with the RREC Royal Decree of 13 July 2014.

The entire version of the statutory annual accounts of Vastned Retail Belgium sa, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.vastned. be) or on demand at the registered office.

The statutory auditor has issued an unqualified auditor's report on the statutory annual accounts of Vastned Retail Belgium sa.

Income statement

in thousands €	2014	2013
Rental income	21.214	21.399
Rental-related expenses	-41	-32
NET RENTAL INCOME	**21.173**	**21.367**
Recovery of rental charges and taxes normally payable by tenants on let properties	1.454	1.534
Charges and taxes normally payable by tenants on let properties	-1.454	-1.534
Other rental-related income and expenses	43	37
PROPERTY RESULT	**21.216**	**21.404**
Technical costs	-582	-460
Commercial costs	-319	-215
Charges and taxes on unlet properties	-219	-168
Property management costs	-1.165	-1.202
Other property charges	-125	-204
Property charges	**-2.410**	**-2.249**
OPERATING PROPERTY RESULT	**18.806**	**19.155**
General costs	-1.224	-1.047
Other operating income and costs	25	77
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**17.607**	**18.185**
Result on disposals of investment properties	-1.932	273
Changes in fair value of investment properties	11.250	-2.986
Other result on portfolio	-207	-131
OPERATING RESULT	**26.718**	**15.341**
Financial income	210	190
Net interest charges	-4.187	-4.883
Other financial charges	-10	-11
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-1.240	1.586
Changes in fair value of non-current financial assets	-967	4
Financial result	**-6.194**	**-3.114**
RESULT BEFORE TAXES	**20.524**	**12.227**
Taxes	**-30**	**-33**
NET RESULT	**20.494**	**12.194**

Income statement (continued)

in thousands €	2014	2013
NET RESULT	**20.494**	**12.194**
Note:		
Operating distributable result	13.590	13.448
Result on portfolio	9.111	-2.844
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and Non-current financial assets	-2.207	1.590

RESULT PER SHARE	Note	2014	2013
Number of shares entitled to dividend	13	5.078.525	5.078.525
Net result (€)	13	4,03	2,40
Diluted net result (€)	13	4,03	2,40
Operating distributable result (€)	13	2,68	2,65

Statement of comprehensive income

in thousands €	2014	2013
NET RESULT	**20.494**	**12.194**
Other components of comprehensive income (recyclable in income statement)		
Changes in the effective part of fair value of allowed hedging instruments subject to hedge accounting	297	1.499
COMPREHENSIVE INCOME	**20.791**	**13.693**

Appropriation of result

in thousands €	2014	2013
NET RESULT	**20.494**	**12.194**
• Allocation to/transfer from reserves for the balance of changes in fair value[19] of investment properties:		
- Financial year	-11.327	2.895
- Value realised from real estate properties	2.967	-115
• Allocation to/transfer from the reserves of the impact on the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-752	63
• Allocation to/transfer from the reserves for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting	1.240	-1.586
• Transfer from other reserves	968	-3
• Transfer from results carried forward from previous financial years	224	10
Remuneration of capital	**13.814**	**13.458**

19 Based on the changes in investment value of investment properties.

Balance sheet

ASSETS in thousands €	31.12.2014	31.12.2013
NON-CURRENT ASSETS	**350.846**	**360.417**
Intangible assets	3	7
Investment properties	328.738	358.818
Other tangible assets	477	560
Financial fixed assets	21.625	1.029
Trade receivables and other non-current assets	3	3
CURRENT ASSETS	**7.424**	**4.568**
Assets held for sale	4.098	0
Trade receivables	163	173
Tax receivables and other current assets	2.342	1.898
Cash and cash equivalents	301	1.853
Deferred charges and accrued income	520	644
TOTAL ASSETS	**358.270**	**364.985**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2014	31.12.2013
SHAREHOLDERS' EQUITY	**242.800**	**235.467**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	120.910	121.877
Net result of the financial year	20.494	12.194
LIABILITIES	**115.470**	**129.518**
Non-current liabilities	**91.632**	**116.927**
Non-current financial debts	86.906	113.712
Credit institutions	*86.900*	*113.700*
Financial lease	*6*	*12*
Other non-current financial liabilities	4.552	3.106
Other non-current liabilities	174	109
Current liabilities	**23.838**	**12.591**
Provisions	205	0
Current financial debts	19.256	8.405
Credit institutions	*2.250*	*8.400*
Financial lease	*6*	*5*
Other current financial debt	*17.000*	*0*
Other current financial liabilities	0	521
Trade debts and other current debts	3.240	2.574
Other current liabilities	136	175
Accrued charges and deferred income	1.001	916
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**358.270**	**364.985**

DEBT RATIO	31.12.2014	31.12.2013
Debt ratio (max. 65%)	31%	34%

NET VALUE PER SHARE IN €	31.12.2014	31.12.2013
Net value (fair value)	47,81	46,37
Net value (investment value)	49,59	48,12
Net asset value EPRA	48,71	47,08


H&M
H&M

General information

Louvain, Bondgenotenlaan - 1.495 m²

IDENTIFICATION

Name

Vastned Retail Belgium sa is a public regulated real estate company under Belgian law.

On 24 April 2013 the name of the company changed from "Intervest Retail" into "Vastned Retail Belgium".

Registered office

Uitbreidingstraat 18, 2600 Berchem - Antwerp.

Enterprise identification number

The company is registered at the Central Enterprise Database under the enterprise identification number 0431.391.860.

Legal form, formation, publication

The company was founded by deed, executed before notary André van der Vorst, in Elsene, on 15 June 1987, as published in the appendices to the Belgian Official Gazette of Orders and Decrees of 9 July 1987 under no. 870709-272.

The articles of association have last been amended by deed executed by notary Eric De Bie on 27 October 2014, announced in the Annexes of the Belgian Official Gazette under number 2014-11-14/0207159, whereby the corporate objective was changed because the company has become a public regulated real estate company in the sense of article 2, 2° of the Act of 12 May 2014 concerning the regulated real estate companies (and is therefore no longer a property investment fund) and whereby also other changes to the articles of association have been implemented in order to refer to the Act of 12 May 2014 concerning the regulated real estate companies instead of the property investment funds legislation.

On 22 December 1998, Vastned Retail Belgium was recognised as a "Public property investment fund with fixed capital under Belgian law", abbreviated to "Property investment funds under Belgian law". Taking into account the coming into force of the Act of 19 April 2014 regarding the alternative institutions for collective investments and their managers (the "AIFMD Act")[20], the company has opted to apply for the status of public regulated real estate company, as implemented by the RREC Act, instead of the status of public property investment fund. In this context, the company submitted its permit application as public regulated real estate company to the FSMA on 14 August 2014. The company was subsequently granted the status of public regulated real estate company by the FSMA pursuant to articles 9, §3 and 77 of the RREC Act on 22 September 2014, under the suspensive condition of a change in the articles of association of the company and compliance with the stipulations of article 77, §2 and following of the RREC Act. Finally, on 27 October 2014, the extraordinary general meeting of shareholders in the company approved , with 100% majority of the votes, the change in the corporate objective regarding the change of status from property investment fund to public regulated real estate company, pursuant to the RREC Act. Considering that at the abovementioned extraordinary general meeting of shareholders no right of abstention whatsoever was executed, and all suspensive conditions were fulfilled to which the change in the articles of association by the extraordinary general meeting of shareholders and the permit granted by the FSMA were subject, Vastned Retail Belgium enjoys the status of public regulated real estate company as from 27 October 2014. As a public regulated real estate company, the company is no longer subjected to the stipulations of the Royal Decree of 7 December 2010 regarding property investment funds and the Act of 3 August 2012 regarding certain forms of collective management of investment portfolios, but since 27 October 2014 the applicable legislation consists of the RREC Act and the RREC Royal Decree.

The company is registered at the Financial Services and Markets Authority (FSMA).

The company draws publicly on the savings system in the sense of article 438 of the Belgian Companies Code.

Duration

The company is founded for an indefinite period.

20 This act forms the conversion of the European Directive to Belgian law with regard to alternative investment funds managers, with the result that this Directive is known as the "AIFMD Directive" and this law as the "AIFMD Act".

Purpose of the company

Article 4 of the articles of association

4.1. The company has the exclusive objective of:

a. either directly, or by means of a company in which it possesses a holding pursuant to the stipulations of the RREC Act and the decisions and regulations made for the execution of the same, to make real estate available to users; and,

b. within the bounds of the applicable legislation on regulated real estate companies, to possess real estate as mentioned in article 2, 5°, vi to x of the RREC Act.

Real estate in the sense of article 2, 5° of the RREC Act includes:

i. real estate as defined in articles 517 and following of the Civil Code, and rights in rem on real estate, with the exclusion of real estate of an architectural, agricultural or mining nature;
ii. voting shares issued by real estate companies managed exclusively or jointly by the company;
iii. option rights to property;
iv. shares of public or institutional regulated real estate companies, provided that the latter are jointly or exclusively managed by the company;
v. rights arising from contracts under which one or more properties have been placed under a rental arrangement with the company, or any other similar rights of usufruct have been granted;
vi. shares of public property investment funds;
vii. units in foreign institutions for collective property investment registered on the list referred to in article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers;
viii. units in institutions for collective property investment located in another Member State of the European Economic Area and which are not registered on the list referred to in Article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers, insofar as they are subject to a similar control as public property investment funds;
ix. shares issued by companies (i) with the status of a legal entity; (ii) resorting under the jurisdiction of another Member State of the European Economic Area; (iii) of which the shares have been admitted for trading on a regulated market and/or that are subject to a prudential control regime; (iv) of which the main activity consists of the acquisition or establishment of real estate with a view to making the same available to users, or the direct or indirect possession of holdings in companies with similar activities; and (v) which are exempt from tax on profit income arising from the activity intended by the stipulation under (iv) above, provided certain legal obligations are complied with, and which are at least mandatory for the distribution of a portion of their income among their shareholders (hereinafter "Real Estate Investment Trusts" (or "REITs");
x. property certificates as defined in article 5, §4 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market;

In the context of making available real estate, the company may execute all activities related to the establishment, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate properties.

The company develops a strategy enabling it to position itself in all stages of the value chain of the real estate sector. To this end, the company acquires and disposes of real estate and rights in rem with regard to real estate with the objective of making the same available to its users, however the company may also manage its development, (the renovation, development, expansion, establishment, etc.), and the daily management of real estate in its possession. It may be a building manager for real estate of which it is co-owner or "property manager" of a building complex of which it is one of the owners. In this context it may execute all other activities that provide added value to its real estate or to its users e.g. facility management, the organisation of events, caretaker services, rebuilding activities adapted to the specific needs of the tenant, etc. The company may also offer customised real estate solutions whereby the real estate is adapted to the specific needs of its users.

For that purpose:

a. the company exercises its activities independently, without delegating such activities to a third party other than an affiliated company in any way whatsoever, pursuant to articles 19 and 34 of the RREC Act, by which means the asset management cannot be delegated;
b. it conducts direct relationships with its clients and suppliers;
c. it has, with a view to the execution of its activities in the manner stipulated by this article, operational teams at its disposal which form a significant proportion of its workforce.

4.2. The company may incidentally or temporarily invest in securities that are not real estate in the sense of the applicable legislation on regulated real estate companies. These investments will be executed in accordance with the risk management policy adopted by the company and will be diversified, thus guaranteeing an appropriate risk diversification. The company may also own unallocated liquid assets in any currency in the form of demand deposit accounts or term deposit accounts, or in the form of any other easily negotiable monetary instrument.

The company may also conclude transactions in connection with hedging instruments, insofar as these are exclusively intended to cover interest and exchange rate risks in the context of the financing and management of the company's real estate and to the exclusion of any transactions of a speculative nature.

4.3. The company may lease or rent one or more real estate properties (as referred to in the IFRS standards). The activity of leasing real estate with a purchase option (referred to in the IFRS standards) may only be carried out as an incidental activity, unless such real estate is intended for general purposes, including social housing and education (in this case the activity may be executed as the main activity).

4.4. Pursuant to intermediate legislation on the regulated real estate companies, the company may be involved in:
- purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership as described above;
- granting mortgages or other securities or guarantees only in the context of the financing of its real estate activities, pursuant to article 43 of the RREC Act;
- granting credits and providing securities or guarantees in favour of a subsidiary of the company pursuant to article 42 of the RREC Act.

4.5. The company may acquire, rent or rent out, carry over or exchange all movable or immovable property, materials and accessories and generally, pursuant to the applicable legislation on regulated real estate companies, perform all commercial or financial actions that are directly or indirectly related to its objective and the exploitation of all intellectual rights and commercial properties related to it. Insofar as it is compatible with the articles of association of regulated real estate companies, the company may, through contributions in cash or in kind, mergers, subscriptions, participations, financial interventions or other means, participate in all existing companies or enterprises, or those yet to be formed, in Belgium or abroad, the corporate objective of which is identical to its own or the nature of which is such that it promotes its objective.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Inspection of documents

- the articles of association of Vastned Retail Belgium sa are available for inspection at the Office of the Clerk of the Commercial Court in Antwerp, and at the company's registered office
- the annual accounts are filed with the balance sheet centre of the National Bank of Belgium
- the annual accounts and associated reports are sent annually to holders of registered shares and to any other person who requests them
- the resolutions relating to the appointment and dismissal of the members of the company's bodies are published in the appendices to the Belgian Official Gazette
- financial announcements and notices convening the general meetings are published in the financial press
- important public company documents are available on the website: www.vastned.be.

The other publicly accessible documents are available for inspection at the company's registered office.

Antwerp, Groendalstraat - 48 m²

EXTRACT FROM THE ARTICLES OF ASSOCIATION[21]

Capital shares

Article 7 - Authorised capital

The board of directors is authorised to increase the nominal capital capital on one or more occasions by an amount of ninety seven million two hundred thirteen thousand two hundred and thirty three euro and thirty two eurocent (97.213.233,32 EUR), by contribution in cash or contribution in kind, if applicable through incorporation of the reserves or share premiums, or by issuing convertible bonds or warrants, under regulations provided for by the Belgian Companies Code, these articles of association and the applicable legislation on regulated real estate companies.

This authorisation is valid for a period of 5 years starting from the publication in the Appendices to the Belgian Official Gazette of the relevant power of authorisation of the general meeting. This authorisation is renewable.

For every capital increase, the board of directors shall set the price, any share premium and the conditions of issuance of the new shares, unless the general meeting should decide otherwise.

Capital increases can give rise to the issue of shares with or without voting right.
When capital increases, decided by the board of directors following this authorisation, comprise a share premium the amount of this share premium must be recorded on a special unavailable account, named "share premium", which constitutes as the capital the guarantee for third parties and which will not be reduced or decreased unless by decision of the general assembly, meeting pursuant to the conditions of attendance and majority provided for a capital decrease, except for the conversion into capital as mentioned above.

Article 8 - Nature of the shares

The shares are registered shares or in dematerialised form. A record of the registered shares, which each shareholder is entitled to inspect, is maintained at the company's registered office.

Registered subscription certificates will be issued to the shareholders.

Any transfer between living persons or following death, as well as any exchange of securities, will be recorded in the aforementioned register.

Possession

Article 11 - Transparency regulations

In accordance with legal requirements, all natural persons or legal entities who acquire or surrender shares or other financial derivatives with voting rights granted by the company, regardless of whether these represent the capital, are obliged to inform both the company and the Financial Services and Markets Authority of the number of financial derivatives in their possession, whenever the voting rights connected with these financial derivatives reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

Besides the legal threshold mentioned in the previous paragraph, the company also provides for a statutory threshold of 3%.

This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

Administration and supervision

Article 12 - Composition of board of directors

The company is managed by a board of directors consisting of at least three directors, who may or may not be shareholders. They will be appointed for a maximum of six years by the general meeting of shareholders, and their appointment may be revoked at any time by the latter.

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

In application of what is determined by article 13 of the RREC Act, the board of directors is composed in such way that the company can be managed autonomously and in the sole interest of the shareholders. Three independent directors within the meaning of article 526ter of the Belgian Companies Code have to sit on the board of directors.

The effective leadership of the public regulated real estate company must be consigned to at least two persons.

All directors and their representatives must satisfy the requirements in terms of professional reliability,

21 These articles are not the complete or the literal reproduction of the articles of association. The complete articles of association can be consulted on the company's registered office and on the website www.vastned.be.

experience and autonomy, as specified by article 14 §1, of the RREC Act. They may not fall under the application of the prohibitions referred to in article 20 of the Act of 25 April 2014 related to the statute for and supervision of credit institutions.

The members of the board of directors and the persons in charge of the effective leadership must satisfy the requirements of articles 14 and 15 of the RREC Act.

Unabated the transitional stipulation as provided for by article 37, the members of the board of directors and the persons in charge of effective leadership are exclusively persons.

Article 15 - Delegation of authority

In application of article 524bis of the Belgian Companies Code, the board of directors can put together a management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Companies Code. If a management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working.

If a management committee is appointed, it can only delegate day-to-day management of the company.

If no management committee is appointed, the board of directors can only delegate day-to-day management as provided for by article 13, fourth paragraph of the current articles of association.

The board of directors, the management committee and the managing directors charged with the day-today management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the applicable legislation on regulated real estate companies.

Unabated the transitional stipulations as provided by article 38, the member of the management committee are exclusively natural persons and they have to comply with articles 14 and 15 of the RREC Act.

Article 17 - Conflicts of interest

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interest, as provided for by articles 36, 37 and 38 of the RREC Act and by the Belgian Companies Code as they may be amended.

Article 18 - Auditing

The task of auditing the company's transactions will be assigned to one or more statutory auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audits (audit) and certifies (certify) the accounting information contained in the company's annual accounts.

The mission of the statutory auditor may only be consigned to one or more recognised statutory auditors' companies, recognised by the FSMA. Prior approval is required from the FSMA for the appointment of auditors to the company. This approval is also required for the renewal of an order.

General meeting

Article 19 - Meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the last Wednesday of April at 2.30 p.m. If this day is a public holiday, the meeting will be held on the next working day.

An extraordinary general meeting can be convened at any time to deliberate and decide on any matter that falls within its competence and that does not relate to changes to the articles of association. An extraordinary general meeting can be convened before a notary at any time to deliberate and decide, on changes to the articles of association.

The general meetings are held at the company's registered office or at another location in Belgium, as announced in the notice convening the meeting.

Article 22 - Participation to the general meeting

To be admitted to general meeting and to express a vote, depends on the accounting registration of bearer shares of the shareholder on the fourteenth day prior to the general meeting at midnight (Belgium time) (named hereinafter "registration date"), either by subscription to the register of bearer shares of the company, either by subscription by an authorised account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the amount of shares held by the shareholder on the day of the general meeting.

Owners of dematerialised shares informing the company of their wish to attend, must provide a certificate that has been filed with a financial intermediary or authorized account holder, attesting the number of dematerialised shares that have been registered in their accounts on the registration date in the name of the shareholder or the number of bearer shares that have been registered, attesting that the shareholder wishes to attend the general meeting. This filing has to be done at the latest the sixth day prior to the general meeting date at the registered office or at the institutions mentioned in the invitation.

Owners of nominative shares communicate their wish to participate to the company, by ordinary mail, fax or e-mail at least the sixth day before the date of the general meeting.

Article 26 - Voting rights

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been appointed in writing to do so by all the persons holding rights. Until such a person has been appointed, all of the rights associated with those shares remain suspended.

If a share is encumbered with a usufruct, the voting rights associated with the share are exercised by the usufructuary, subject to an objection from the bare owner.

Result allocation

Article 29 - Appropriation of profit

Pursuant to article 45, 2° of the RREC Act the company distributes annually as capital at least 80% as determined by the RREC Act, as implementation of the taken decisions and regulations. This obligation is not detrimental to article 617 of the Belgian Companies Code.

STATUTORY AUDITOR

On 24 April 2013, Deloitte Bedrijfsrevisoren/ Réviseurs d'Entreprises SC under the form of a SCRL , which is represented by Kathleen De Brabander, Berkenlaan 8b – 1831 Diegem, has been reappointed as statutory auditor of Vastned Retail Belgium. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2016.

The remuneration of the statutory auditor amounts to € 58.580 (excl. VAT , incl. costs) as from the financial year started on 1 January 2014 for the survey of the statutory and consolidated annual accounts.

LIQUIDITY PROVIDER

Since December 2001, a liquidity contract has been concluded with Bank Degroof, rue de l'Industrie 44, B-1000 Brussels, to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

The remuneration has been set at a fixed amount of € 1.000 a month.

Brussels, avenue Louise - 245 m²

PROPERTY EXPERTS

The property experts designated by Vastned Retail Belgium are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Kris Peetermans.

- CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Peter de Groot.

In accordance with the Act of 12 May 2014 on regulated real estate companies, they value the portfolio four times a year. The fee of the property experts is calculated on the basis of an annual fixed amount per building.

REGULATED REAL ESTATE COMPANIES - LEGAL FRAMEWORK

The regulated real estate company's system is formalised in the Act of 12 May 2014 on regulated real estate companies (the RREC Act) and in the Royal Decree of 13 July 2014 on regulated real estate companies (the RREC Royal Decree) to stimulate public investments in real estate properties. The concept is very similar to that of the Real Estate Investment Trusts (REIT-USA), the Fiscal Investment Institutions (FBI-Netherlands), the Sociétés d'Investissement Immobilier Côtées (SIIC - France) and the REIT in the United Kingdom and Germany.

As a public RREC with a separate REIT status, the RREC is subject to strict legislation with a view to the protection of its shareholders and financiers. The status provides both financiers and private investors with the opportunity of gaining access in a balanced, cost-effective and fiscally transparent manner to a diversified real estate portfolio.

It is the legislator's intention that RREC guarantee optimum transparency with regard to investment properties and ensure the pay-out of maximum cash flow, while the investor enjoys a wide range of benefits.

The RREC is under the supervision of the Financial Services and Markets Authority (FSMA) and is subject to specific regulations of which the most notable provisions are the following:

- adopt the form of a limited liability company or a limited partnership with a share capital with a minimum capital of € 1.200.000
- company with fixed capital and a fixed number of shares
- compulsory listing on the stock exchange with at least 30 of the shares in public hands
- the public regulated real estate company has for only purpose (a) either directly, or by means of a company in which it possesses a holding pursuant to the stipulations of the RREC Act and the decisions and regulations made for the execution of the same, to make real estate available to users and b) within the bounds of the applicable legislation on regulated real estate companies, to possess real estate as mentioned in article 2, 5°, vi to x of the RREC Act. The RREC does not have a statutory embedded investment policy but develops a strategy enabling it to position itself in all stages of the value chain of the real estate sector
- limited possibility for concluding mortgages
- a debt ratio limited to 65% of the total assets; if the consolidated debt ratio exceeds 50%, a financial plan has to be drawn up pursuant to the provisions of article 24 of the RREC Act. In case of a dispensation authorised by the FSMA based on article 30, §3 and §4 of the RREC Act, the consolidated debt ratio of the public RREC pursuant the provisions of article 30, §3 and §4 of the RREC Act may not exceed 33%
- annual financial interest charges resulting from borrowings may under no circumstances exceed the threshold of 80% of the operating distributable result before result on portfolio increased with the financial income of the company
- strict rules relating to conflicts of interests
- the portfolio must be recorded at market value without the possibility of depreciation a three-monthly estimate of the property assets by independent property experts, based on a rotation principle
- risk spread: a maximum of 20% of capital in one building, except certain exceptions
- a RREC may not engage itself in "development activities"; this means that the company cannot act as a building promoter aiming to erect buildings in order to sale them and to cash a developer's profit
- exemption from corporation tax provided that at least 80% of the operating distributable result are distributed
- a withholding tax of 25% to be deducted upon payment of dividends (subject to certain exemptions)
- the opportunity to establish subsidiary companies which take the form of an "institutional RREC" which must operate under the exclusive or joint control of the public RREC in order to be able to implement specific projects with a third, being 1) professional clients such as credit institutions, investment companies and collective investment institutions, or 2) legal persons who can be considered as eligible investor by introducing a simply request to the FSMA without additional conditions having to be fulfilled

- at least three independent directors in the sense of article 526b of the Belgian Companies Code sit on the board of directors
- the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public RREC or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable fee is determined according to the result, only the consolidated operating distributable result may be used as basis for this.

The aim of these rules is to minimise the risk for shareholders.

Companies that merge with a RREC are subject to a tax (exit tax) of 16,995% on deferred added values and tax-free reserves.

STATEMENT TO THE ANNUAL REPORT

Pursuant to 13 § 2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), EMSO sprl permanently represented by Chris Peeters, Nick van Ommen, Hubert Roovers, Taco de Groot and Reinier Walta, declares that according to its knowledge:

a. the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the Act of 12 May 2014, 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

b. the annual report gives a true statement of the development and results of Vastned Retail Belgium during the current year and of the position of the company and the companies included in the consolidation, as well as of the main risks and uncertainties that Vastned Retail Belgium is confronted with.

TERMINOLOGY

Acquisition value of an investment property

This term is used at the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

Corporate governance

Corporate governance is an important instrument for constantly improving the management of the company and to protect the interest of the shareholders.

Current rents

Annual rent on the basis of the rental situation on a certain moment in time.

Debt ratio

The debt ratio is calculated as the relation of all liabilities (excluding provisions and accrued charges and deferred income) less the negative change in fair value of financial instruments, compared to total assets. The calculation method of the debt ratio is pursuant to article 13, §1 second paragraph of the Royal Decree of 13 July 2014. By means of this Royal Decree the maximum debt ratio of the company is 65%.

Diluted net result

The diluted net result per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares, adapted to the effect of potential ordinary shares leading to dilution.

EPRA vacancy rate

The EPRA vacancy rate is calculated as the ratio between the estimated rental value of the vacant properties available for letting and the same estimated rental value of the entire portfolio available for letting.

Fair value of investment properties (in accordance with Beama interpretation of IAS 40)

This value is equal to the amount at which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, they should be understood as involving the deduction of registration fees.

In practice, this means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

Free float

Free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

Gross dividend

The gross dividend per share is the operating distributable result divided by the number of shares entitled to dividend.

Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

Gross initial yield

The gross initial yield is calculated as the relation between rental income on an annual basis on the acquisition date of the investment property and the investment value of the investment property.

Gross market rent

The gross market rent comprises the current rents increased by the estimated rental value of vacant properties.

Gross yield

The gross yield is calculated as the relation between gross market rent and the investment value of investment properties.

Investment value of an investment property

This is the value of a building estimated by an independent property expert, and including the transfer costs without deduction of the registration fee. This value corresponds to the formerly used term "value deed in hand".

Liquidity of the share

The ratio between the number of shares traded daily and the number of capital shares.

Net asset value EPRA

Total shareholders' equity attributable to the shareholders of the parent company, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares at the end of the year.

Net value (investment value)

Total shareholders' equity increased with the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares at the end of the year.

Net value (fair value)

Total shareholders' equity divided by the number of shares at the end of the year.

Net dividend

The net divided is equal to the gross dividend after deduction of withholding tax of 25%.

Net dividend yield

The net dividend yield is equal to the net dividend divided by the share price on closing date.

Net result per share

The net result per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares (i.e. the total amount of issued shares less the own shares) during the financial year.

Net yield

The net yield is calculated as the relation between the gross market rent, less the allocated property charges, and the investment value of investment properties.

Occupancy rate

The occupancy rate is calculated as the ratio of the rental income to the same rental income plus the estimated rental value of the vacant locations for rent.

Operating distributable result

The operating distributable result is the operating result before the result on portfolio less the financial result and taxes, and exclusive the change in fair value of financial derivatives (which are not considered as effective hedge in accordance with IAS 39) and other non-distributable elements on the basis of the statutory annual accounts of Vastned Retail Belgium.

Regulated real estate company (RREC)

The status of regulated real estate company is regulated by the Act of 12 May 2014 on regulated real estate companies (RREC Act) and by the Royal Decree of 13 July 2014 on regulated real estate companies (RREC Royal Decree) in order to stimulate joint investments in property.

RREC Act

The Act of 12 May 2014 on regulated real estate companies.

RREC Royal Decree

The Royal Decree of 13 July 2014 on regulated real estate companies.

Vacancy rate

The vacancy rate is calculated as the ratio between the estimated rental value of the vacant properties and the same estimated rental value increased by commercial rental income.

Yield

The yield is calculated as the ratio between the rental income (increased or not by the estimated rental value of vacant locations for rent) and the investment value of investment properties.

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