ANNUAL REPORT

2015

vastned
Retail Belgium

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vastned
Retail Belgium

Terre Bleue
Korte
Gasthuisstraat 27
Antwerp

ANNUAL REPORT

2015

Vastned Retail Belgium

- *is a public regulated real estate company under Belgian law*
- *the shares are listed on Euronext Brussels* (VASTB)
- *specialises in investments in commercial real estate: premium city high street shops, high street shops en non-high street shops*
- *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.*

vastned
Retail Belgium

Graanmarkt 13
Antwerp

Contents

KEY FIGURES

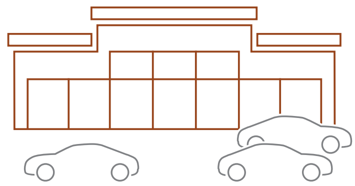
Risk spread of the real estate portfolio

Type of retail property

58%
Premium city high street shops

17%
High street shops

25%
Non-high street shops

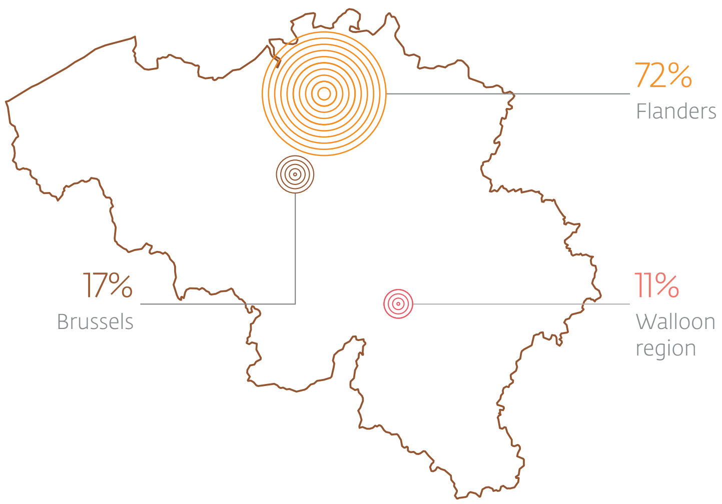


Continued execution of the strategy to ensure that the share of premium city high street shops in the real estate portfolio exceeds 75% in the long term.

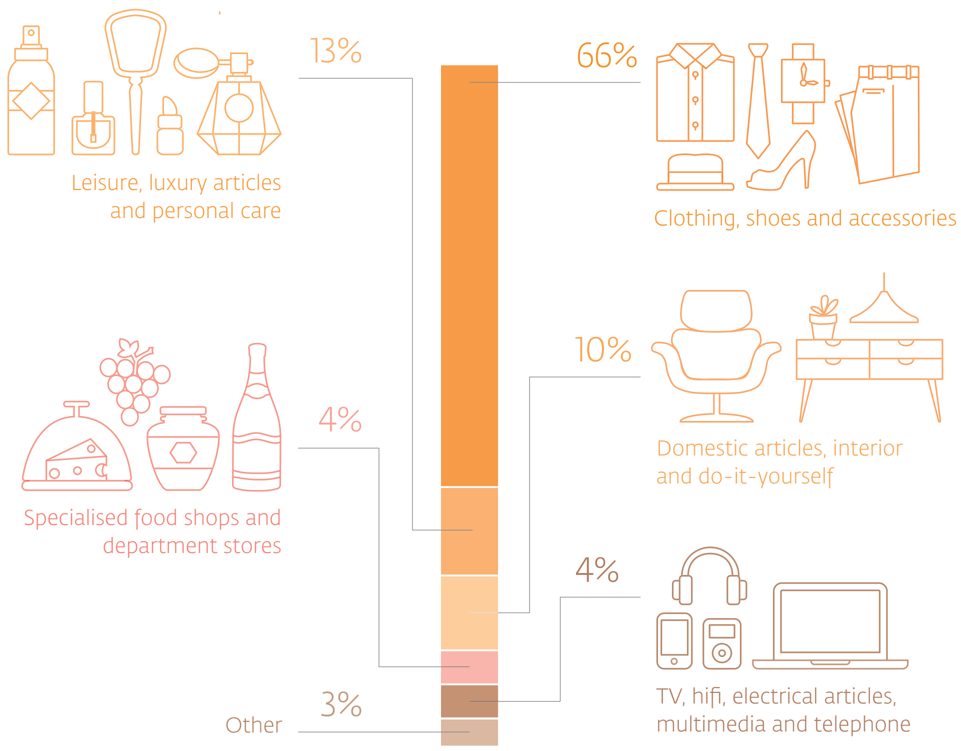
As at 31 December 2015, 58% of the real estate portfolio consisted of premium city high street shops, 17% of high street shops and 25% of non-high street shops (retail parks and retail warehouses).

Acquisition in 2015 of four premium city high street shops in the historic city centre of Antwerp for a total investment amount of € 18 million.

Geographic spread



Sector of tenants

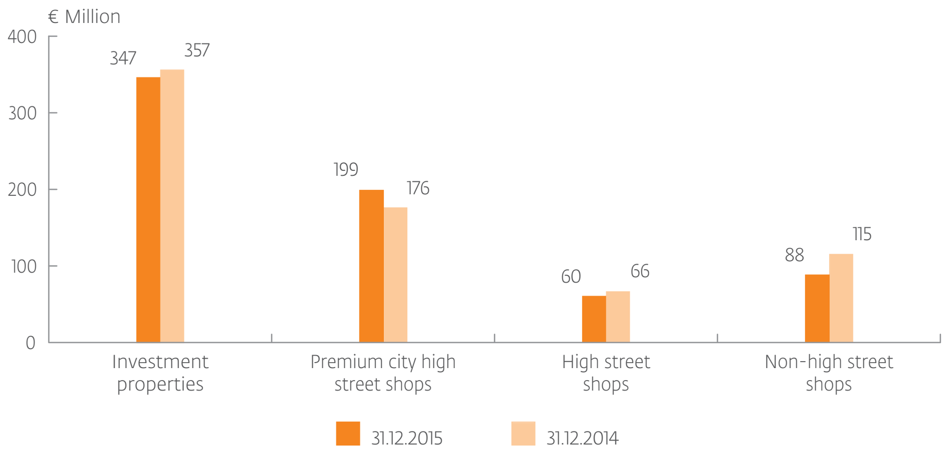


Evolution of fair value of investment properties (million €)

Increase in fair value by approximately 1%[1] of the existing real estate portfolio in financial year 2015, mainly as a result of the stronger yields of the premium city high street shops and new lettings.

REAL ESTATE PATRIMONY	31.12.2015	31.12.2014
Fair value of investment properties (€ 000)	346.674	356.536
Total leasable space (m²)	90.220	111.594
Occupancy rate (exclusive properties in renovation) (%)	98%	98%

Divestment in 2015 of 14 non-strategic retail properties, i.e. retail warehouses and inner-city shops at secondary locations, accounting for € 31 million or 9% of the overall real estate portfolio.

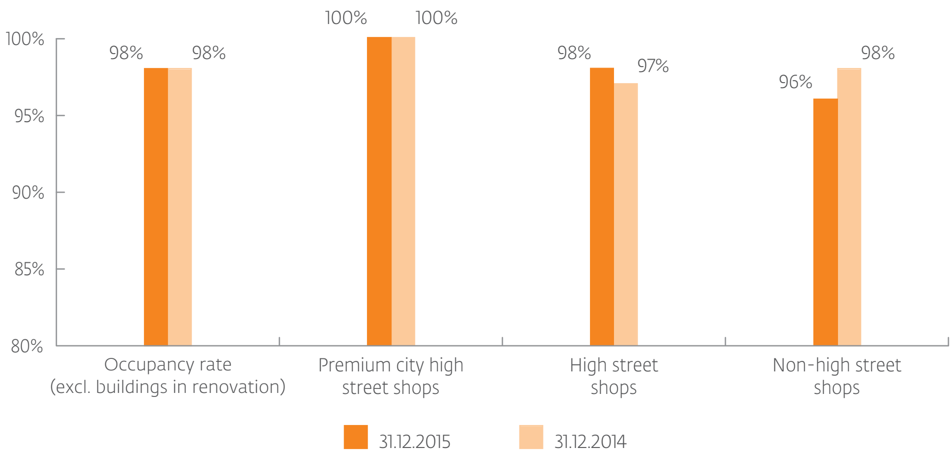


1 With unchanged composition of the real estate portfolio compared with 31 December 2014.

Occupancy rate (%)

Realisation of 24 rental transactions representing approximately 15% of the total annual rental income, resulting in an average rent increase in rent of 15%.

Occupancy rate as at 31 December 2015: 98% (98% as at 31 December 2014).



Results in 2015

Decrease of the operating distributable result to € 2,51 per share for financial year 2015 (€ 2,72 for financial year 2014), primarily due to the divestment at the end of 2014 of 19 non-strategic properties, approximately 12% of the real estate portfolio.

in thousands €	2015	2014
Operating distributable result	12.745	13.801
Result on portfolio	2.308	7.927
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	249	-1.240
Net result	**15.302**	**20.488**

RESULT PER SHARE	2015	2014
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	3,01	4,03
Gross dividend (€)	2,51	2,72
Net dividend[2] (€)	1,8323	2,0400

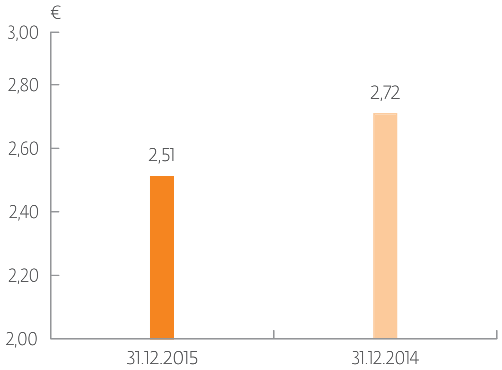
2 The withholding tax on dividends of public regulated real estate companies was increased from 25% to 27% (subject to certain exemptions) with effect from 1 January 2016, pursuant to the law of 26 December 2015 laying down measures for the reinforcement of job creation and purchasing power, published in the Belgian Official Gazette of 30 December 2015.

Start of prominent redevelopment and thorough restoration of a premium city high street shop of 3.000 m²on Zonnestraat in Ghent.

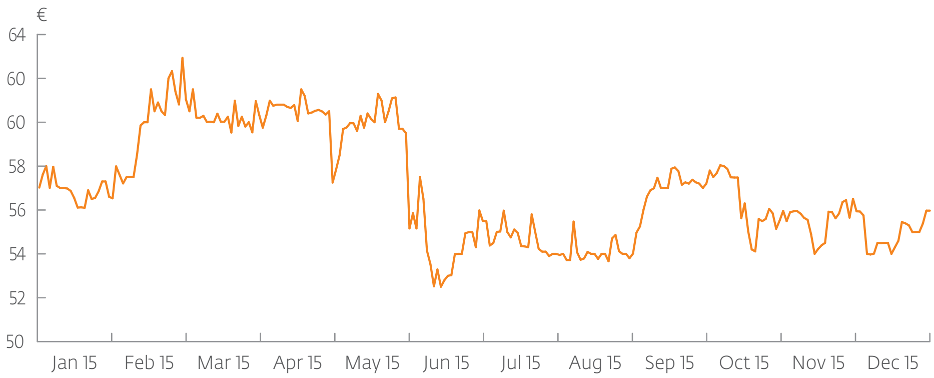
▼ Ghent, Zonnestraat 6-10

Dividend yield

Gross dividend distribution: € 2,51 per share



Share price



As at 31 December 2015 the share price of Vastned Retail Belgium was € 55,97 offering a gross dividend yield of 4,5%.

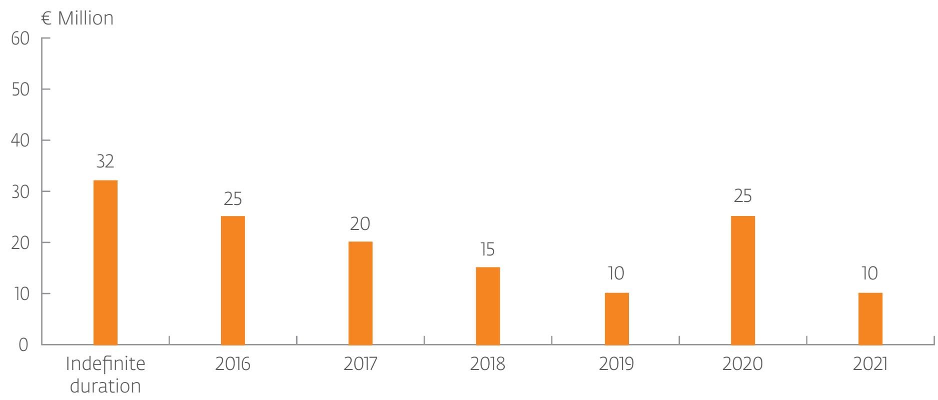
Strong balance sheet: debt ratio 28%

Key figures	31.12.2015	31.12.2014
Shareholders' equity (€ 000)	244.495	242.967
Liabilities (€ 000)	103.783	119.447
Debt ratio (%)	28%	31%

Limited debt ratio of 28% as at 31 December 2015.

Key figures per share	31.12.2015	31.12.2014
Number of shares	5.078.525	5.078.525
Net value (fair value) (€)	48,14	47,81
Net value (investment value) (€)	49,90	49,59
Share price on closing date (€)	55,97	57,97
Premium to net value (%)	16%	21%

Expiry date credit lines



Further optimisation of the spreading of expiry dates for the credit lines.

EPRA[3]

EPRA - Key figures per share	31.12.2015	31.12.2014
EPRA Earnings (€ per share)	2,52	2,72
EPRA NAV (€ per share)	49,02	48,71
EPRA NNNAV (€ per share)	48,14	47,74
EPRA Net Initial Yield (NIY) (%)	4,8%	4,9%
EPRA Topped-up NIY (%)	4,9%	5,1%
EPRA Vacancy rate (%)	1,8%	1,5%
EPRA Cost Ratio (including direct vacancy costs) (%)	16,2%	17,3%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	16,0%	16,3%

▾ Antwerp, Leysstraat 30

▾ Ghent, Veldstraat 23-27

3 Financial performance indicator calculated according to EPRA's Best Practices Recommendations (European Public Real Estate Association). These data are not required by regulation regarding regulated real estate companies and are not subject to a control by government authorities. These figures are not audited by the statutory auditor except the EPRA Earnings, the EPRA NAV and the EPRA NNNAV. See also www.epra.com.

Financial calendar 2016

2015

DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC

2016

Fri 5
Announcement of
annual results as at
31 December 2015

Tue 3
Interim statement
on the results as at
31 March 2016

Fri 29
Half-yearly financial
statement as
at 30 June 2016

Fri 28
Interim statement
on the results as
at 30 September 2016

Ex-dividend date 2015
Tue 3

Record date dividend 2015
Wed 4

Dividend payment 2015
as from Mon 9

General meeting of shareholders
Wed 27 at 2.30 p.m

Letter to the shareholders

Dear shareholders,

During 2015, Vastned Retail Belgium pursued its investment strategy that focusses explicitly on premium quality retail locations and properties.

Vastned Retail Belgium believes that popular shopping 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. Based on currently identifiable trends in the retail market, Vastned Retail Belgium intends to continue to concentrate on '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. Some 58% of the real estate portfolio was already invested in these types of locations as at 31 December 2015, which is higher than the initial goal of 50%.

58%
premium city high street shops

The aim is to achieve the strategic goal of investing 75% of the portfolio in these markets in the high-street shops segment 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.

In this context, the company invested in 2015 in four premium city high street shops in the historic city centre of Antwerp, i.e. Schuttershofstraat 22, a top-class property located at Graanmarkt 13, the distinctive Schuttershofstraat 55 and the property at Armeduivelstraat 6, all for a total investment amount of € 18 million. A prominent redevelopment and restoration of a premium city high street shop has started on Zonnestraat in Ghent.

Investment in 4 premium city high street shops

In terms of divestments, in 2015 Vastned Retail Belgium sold 14 non-strategic retail warehouses and inner-city shops at secondary locations, thereby further increasing the quality of the real estate portfolio.

Divestment 14 non-strategic properties

The result of the strategic focus on premium city high street shops is that the buildings attract high-quality tenants and that the average rent increases when lease agreements are renewed. The success of the strategic focus is also apparent from the 100% occupancy rate in this segment and the increase in the fair value of the real estate portfolio.

15% average rent increase

24 rental transactions

In the area of **leases and rent increase,** 2015 was an active year for Vastned Retail Belgium. A total of 24 rental transactions were concluded that were valued at € 2,7 million in annual rental income. This represents roughly 15% of the company's total annual rental income. The average rent increase in these transactions is about 15%.

The **operating distributable result** amounted to € 12,7 million for financial year 2015, compared to € 13,8 million for financial year 2014, or a decrease of € 1,1 million or almost 8%. This decrease was primarily due to the divestment of non-strategic retail properties, both in 2014 and in 2015, resulting in a reduction of rental income. This effect was partly compensated by lower property charges and financing costs and by income from the acquisition of premium city high street shops.

Gross dividend € 2,51

With 5.078.525 shares, this represented a **gross dividend** of € 2,51 per share for financial year 2015, compared to € 2,72 in 2014. This implied that the gross dividend yield was 4,5% based on the share price as at 31 December 2015.

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 results and the quality improvement of our portfolio.

The board of directors

Taco de Groot
Director

Jean-Pierre Blumberg
Chairman of the board of directors

Ici Paris XL
Louizalaan 7
Brussels

Report of the board of directors

Profile

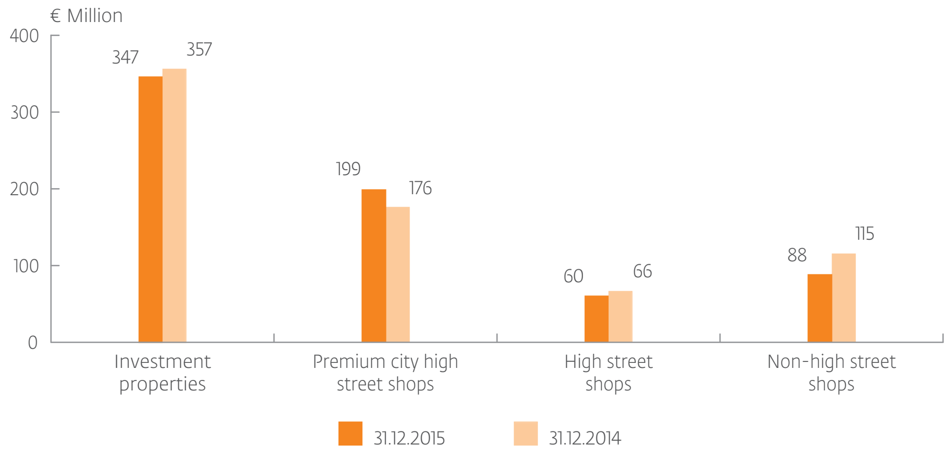
As at 31 December 2015, 58% of the real estate portfolio consisted of premium city high street shops, of 17% high street shops and of 25% of non-high street shops. Premium high street shops are located in the prime shopping streets of the major cities of Antwerp, Brussels, Ghent and Bruges.
The total fair value of the portfolio amounts to € 347 million as at 31 December 2015.

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 premium city high street shops (commercial buildings on prime locations on the best commercial streets in the large cities such as Antwerp, Brussels, Ghent and Bruges), high street shops (city centre shops outside of the premium cities) and non-high street shops (high-quality retail parks and retail warehouses)

At present the portfolio is made up of 143 leasable units, spread over 61 different locations.

Evolution of fair value of investment properties (million €)



Type of real estate

58%
Premium city high street shops

17%
High street shops

25%
Non-high street shops

▲ Antwerp, Graanmarkt 13

Investment strategy

Vastned Retail Belgium invests in the best shopping streets of Bruges, Ghent, Antwerp and Brussels and in prime retail warehouses. This focus on quality will contribute to achieve more stable and predictable results.

The company pursues an investment strategy geared toward high-quality commercial real estate properties, which are leased to first-class tenants. Commercial real estate properties consist of retail properties located in Belgium. These real estate properties preferably require no major repair work in the short term and are 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 shopping 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.

Based on currently identifiable trends in the retail market, Vastned Retail Belgium wishes to focus on "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 shopping streets in the historic centres of these cities. As at 31 December 2015, 58% of the real estate portfolio has already been invested in these types of locations, which is higher than the initial goal of 50%.

The aim is to achieve the strategic goal of investing 75% of the portfolio in the segment of high streets shops. For the remaining 25%, Vastned Retail Belgium will continue to invest in high-quality retail warehouse locations and inner-city locations in other cities.

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 Petercam. 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 2015, the free float of the share 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.

▲ Board of directors

Management entities

Board of directors

Jean-Pierre Blumberg
Chairman,
Independent director

Plataandreef 7 - 2900 Schoten
Belgium
Managing partner Linklaters LLP
Term: April 2016
Attendance: 8/9

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: 9/9

Nick van Ommen
Independent director

Beethovenweg 50
2202 AH Noordwijk aan Zee - The Netherlands
Director of companies
Term: April 2016
Attendance: 8/9

Reinier Walta
Director

Bastion 7 - 1945 EB Beverwijk
The Netherlands
Chief financial officer Vastned Retail
Term: April 2018
Attendance: 9/9

EMSO sprl
permanently represented
by Chris Peeters
Independent director

Berchemstadionstraat 76 bus 6
2600 Berchem - Belgium
Transport economist
Term: April 2017
Attendance: 9/9

Peggy Deraedt
Director

Mecklenburglaan 57
3061 BD Rotterdam - The Netherlands
Company lawyer Vastned Retail
Term: April 2018
Attendance: 5/5

The board of directors comprised as at 31 December 2015 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 nine times in 2015. The most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions in 2015 were:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2015 and the business plan 2016
- discussion on the real estate portfolio (investments and divestments, tenancy issues, valuations, insurances, renovations, etc.).

During financial year 2015, Taco de Groot, Reinier Walta and Peggy Deraedt 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.

Since 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.

▲ Antwerp, Leysstraat 30

Audit committee

In 2015, the audit committee comprised three independent directors:

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

In 2015, these independent directors fulfilled 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 2015, the audit committee met five times. The most important items on the agenda of the audit committee in 2015 were:

- 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 2015, the management committee comprised:

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

Jean-Paul Sols bvba, permanently represented by Jean-Paul Sols, and Inge Tas, also hold a management committee's mandate at Intervest Offices & Warehouses nv, 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). Furthermore Taco de Groot is the effective leader of the company pursuant to article 14, §3 of the RREC Act.

Jean-Paul Sols
ceo

Inge Tas
cfo

Rudi Taelemans
coo

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 in such activities or draws 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; the directors, managing directors, the members of the management committee, the persons entrusted with the daily management, the effective leaders 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.

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 was not applied during financial year 2015.

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 2015

Directors

In 2015, the annual fixed fee of the directors, who do not represent the majority shareholder, amounts to € 20.000 per year for a member of the board of directors (€ 25.000 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 2015 to the members of the management committee, amounted to € 366.000, of which € 97.713 is for the chairman of the management committee. No options have been granted to the management committee on shares of the company.

Bonus for 2014, paid in 2015

The three members of the management committee may be eligible for an annual combined bonus of maximum € 60.000. The amount of bonus to be granted is determined on the basis of measurable criteria linked to agreed performance levels.

In 2014, these criteria concerned improvement of the occupancy rate, performing investments and divestments within the framework of the strategy and attracting important retailers. Based on targets achieved in 2014, a total bonus of € 60.000 was awarded in 2015. 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 2014.

Basic remuneration for 2016 and bonus for 2015

The annual fixed fees of independent directors remain unchanged compared to 2015 and amount to € 20.000 a year for members of the board of directors and € 25.000 a year for the chairman of the board of directors.

As at 1 January each year, the annual fixed fee of the members of the management committee 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 1,43% as at 1 January 2016.

The three members of the management committee were eligible for an annual combined bonus of a maximum of € 45.000 in 2015. In 2015, the bonus criteria concerned improvement of the occupancy rate, performing investments and divestments within the framework of the strategy and attracting important retailers. Based on the targets achieved in 2015, a total bonus of € 45.000 was awarded. No additional bonus was paid for 2015.

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.

Major risk factors and internal control and risk management systems

In 2015, the board of directors of Vastned Retail Belgium once again focused attention on the risk factors with which Vastned Retail Belgium must contend.

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.

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 retail properties, with a focus on premium city high streets shops (prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges) and high street shops (city centre shops on top locations). Non-high street shops (high-end retail parks and retail warehouses on top locations) 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 result. 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 in fair value of its portfolio, as estimated by the independent assessments.

As at 31 December 2015, 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 € 59 million or 17%. As a result, the debt ratio of the company would increase by 6% to 34% (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 such as 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 divestment of property. For each divestment, 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 eventual 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, commercial, 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 company 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.

As at 31 December 2015, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 21,5% of the consolidated assets of Vastned Retail Belgium. The FSMA granted Vastned Retail Belgium a derogation from the limitation to 20% in accordance with article 30 §3 and §4 of the RREC Act. This article prohibits RRECs from investing more than 20% of their assets in one single property entity.

In the light of this granted derogation, the debt ratio may not amount to more than 33%, in accordance with the provisions of article 30 §4 of the RREC Act. The debt ratio of Vastned Retail Belgium amounted to 28% as at 31 December 2015. The aforementioned derogation was obtained for 2 years, until October 2017.

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 required 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 2015, the actual weighted average duration of the rental deposits and bank guarantees was 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 2015, the number of days of outstanding customers' credit was only 3 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 that buildings are destroyed by fire, storm, water damage and consequential damage arising from the same is insured by Vastned Retail Belgium for a total reconstruction value of € 120 million (€ 63 million premium city high street shops, € 23 million high street shops and € 34 million non-high street shops) compared to a fair value of € 347 million as at 31 December 2015 (€ 199 million premium city high street shops, € 60 million high street shops and € 88 million non-high street shops). Cover amounting to 36 months of rent is also provided for vacancies in the buildings due to these events.

- 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.

- Risk relating to 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 company'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, Schuttershofstraat 30b / Armeduivelstraat 2

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 2015 was 3,2 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 2015. 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 amounted to approximately € 365 million in case of an unchanged valuation of the existing real estate portfolio. As at 31 December 2015 the debt ratio amounted to 28%.

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 2015, Vastned Retail Belgium had non-withdrawn credit lines of € 42 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 company 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 2015, 94% of the credit lines of the company were financing with a fixed interest rate or are fixed by interest rate swaps. 6% of the credit facilities had a variable interest rate. The fixed interest rates are fixed for a remaining average duration of 3,3 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 nv, BNP Paribas Fortis nv, Bayerische Landesbank, Belfius Bank nv and KBC Bank nv
- banks which are counterparties for the interest rate hedges are: BNP Paribas Fortis nv, ING Belgium nv 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 economic climate, 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 2015, this cash position amounted 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.

▲ Ghent, Volderstraat 15

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[4] 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, statutory auditor.

Property experts

In 2015, the real estate portfolio was 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, as at 27 October 2014 persons were appointed who are responsible for the internal audit function, the risk management function and the compliance function.

4 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 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 organisation 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 effective leader 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 the internal audit.

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.

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 has defined an internal code of conduct and whistleblowing rules.

Inge Tas, member of the management committee and cfo, has been appointed head of the independent compliance function.

▲ Brussels, Elsensesteenweg 41

"Comply or explain"-principe

In 2015, 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 was 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 expired in April 2014 would be prolonged for one year and would end at the general meeting of shareholders of 29 April 2015.

Massimo Dutti
Steenstraat 38
Bruges

Report of the management committee

The retail property market in 2015[5]

Trends

Living, working and shopping. Experience is key, both in city centres and in shopping centres. Shopping is not independent of other social functions: living, working and leisure. Complementary functions are especially relevant in city centres.

Daily life without digital tools has become inconceivable and mobility is playing an increasingly important role in living, working and shopping. Belgium has recently entered the top 10 of growing e-commerce countries. This recent e-commerce evolution in Belgium affects consumers' shopping behaviour and also has an impact on the retail property landscape.

Consumers have different shopping needs. They can find convenience online, shop quickly and efficiently at a retail park with ample parking space and experience a little additional culture and tourism in the city centre.

However, the impact of e-commerce must not be exaggerated. In fact, e-commerce can even play a reinforcing role in premium city high street shops. After all, retailers are increasingly investing in flagship stores at prime locations and combining this with online services.

An ever-increasing number of established retail chains are moving towards the periphery. There they can rent larger surface areas at lower prices, which enables them to improve the experience and the atmosphere created by their shop fittings. This translates into increased spending per customer, since customers spend more time in the shop.

General upgrading of shopping formulas in the periphery is continuing. The periphery is increasingly losing its discount image. Upgrading the shopping formulas goes hand in hand with an upgrade of construction quality and architecture of the more recent projects.

Online operations continue to increase the importance of prime locations, in city centres and the periphery. This leads to retailers falling back on the better parts of the best trading centres. However, the situation is becoming more difficult for smaller cities, where vacancy rates are higher and rents are being adjusted.

The rental market

The focus on prime locations translates into strong rents and limited vacancy rates. The market is experiencing upward pressure on rents for premium city high street shops and a downward pressure on rents in secondary locations. The highest rents for premium city high street shops are situated in Brussels Nieuwstraat and Antwerp Meir, with high prices of about € 1.850/m²/year. In Ghent and Bruges, the rents were under pressure last year from changes in the shops.

In general the take up volume was similar to 2014. The total take up for 2015 was 337.000 m². Take up was the highest in Flanders, followed by Wallonia and then Brussels. Retail warehousing was the largest segment in Flanders and Wallonia, whereas the high streets were attracting the greatest volume in Brussels.

Transaction volumes are large mainly for the high streets (126.000 m²) and retail warehousing (116.000 m²), whereas shopping centres are seeing a decrease. Transactions for premium city high street shops confirm retailers' great demand for prime locations, while demand for secondary and tertiary locations is decreasing. Almost three quarter of the transaction volume was recorded in the so-called big six (Brussels, Antwerp, Ghent, Liège, Bruges and Hasselt). Among these, Antwerp and Brussels take the lead.

Although the number of rental transactions is on the increase, this is still lower than the five-year average. The average value of rental transactions also remained under the five-year average.
The largest transactions were for retail parks.

5 Sources: The Belgian Retail Market, Pulse Spring 2015, JLL; Marketbeat, Retail Snapshots, Q1 2015, Cushman & Wakefield; Retail Update newsletter, different numbers January-June 2015; Trends, report investments in real estate, 11/06/2015, Property Times - Q4 2015 - Cushman & Wakefield, Streetwise - Cushman & Wakefield February 2016.

Investment market

The total investment volume for 2015 was about € 1,7 billion. This made 2015 an absolute top year when it came to investment transactions.

The largest transactions were the sale of Wijnegem Shopping Center and Waasland Shopping Center for about € 865 million. This top transaction was achieved with the European-Chinese partnership AEW-CIC.

Apart from the very biggest transactions, retail real estate is still a Belgian matter. The sales process is taking longer than before. Investors primarily focus on prime products and prime locations with a very limited vacancy risk. There is good demand from local and foreign investors on the investment market, albeit for smaller high street shops. High investor activity is leading to solid prices and yields are under pressure.

High level shopping streets such as Meir in Antwerp, Nieuwstraat in Brussels, Veldstraat in Ghent or Steenstraat in Bruges achieved yields of 3% to 3,75%. Brussels is a slightly atypical city when it comes to yields, with yields of 3% to 3,25% on Louizalaan, Waterloolaan and Gulden Vlieslaan, and 4% on Elsensesteenweg. However, Brussels also has neighbourhoods with growing yields, such as for example Wayezstraat and Maria-Christinastraat. The yields on B and C locations are increasing due to the higher vacancy risk. The same applies to secondary cities such as (among others) Mons, Lier, Diest, Turnhout, Vilvoorde, Sint-Niklaas and Kortrijk. In those cities, the yields exceeded 6%.

In the periphery, the yields for high level products have also fell further to about 5,5%. The quality of buildings is also increasingly important here.

In the context of investments, demand was clearly higher in Flanders than in the Walloon region.

▾ Brussels, Nieuwstraat

Important developments in 2015

Investments

Acquisition of four premium city high street shops in the historic city centre of Antwerp: Schuttershofstraat 22, a top-class property located at Graanmarkt 13, the distinctive Schuttershofstraat 55 and the property at Armeduivelstraat 6, for a total investment amount of € 18 million.

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 Antwerp, Brussels, Ghent and Bruges. Vastned Retail Belgium acquired four premium city high street shops in the historic centre of Antwerp in 2015.

Number 22 on **Schuttershofstraat** was added to the portfolio for an amount of € 4 million. The newly acquired building has a total shop surface of 272 m² distributed among a ground floor and a first floor. The building has in the meantime been leased to the international luxury brand Falke, which is planning to open its flagship store and showroom at this prime location.

▲ Antwerp, Schuttershofstraat 24

In addition to numbers 22, 24, 30 and 32 leased to, among others, Terre Bleue, Manila Grace and jeweller Slaets, Vastned Retail Belgium also acquired **number 55** on **Schuttershofstraat**. The property is located near Hopland and de Wapper, a prime location in the centre of Antwerp. This authentic building exudes character and has been renovated and converted by the seller into premises housing 100 m² of retail space on the ground floor and 38 m² of storage space in the cellar. The retail space has been leased to 7 For All Mankind. This acquisition comes with a price tag of approximately € 5 million.

▲ Antwerp, Schuttershofstraat 55

Number 13 on **Graanmarkt** was acquired for an amount of approximately € 6 million through the takeover of shares belonging to nv Tim & Ilse. Graanmarkt 13 is a unique architectural project by Vincent Van Duysen of approximately 1,000 m² in which each floor has a different purpose. A high-end store is located on the ground floor, one storey above a gastronomic restaurant. "The gallery" is located on the 2nd floor while the upper two floors are a luxury apartment with hotel service and customised service provision.

The operation of the "Graanmarkt 13" concept has remained under the responsibility of the former owners of the building.

The Graanmarkt is located behind Schuttershofstraat, a luxury shopping street near the popular shopping streets Meir and Huidevettersstraat, where the majority of Vastned Retail Belgium's real estate portfolio in Antwerp is located. The Graanmarkt neighbourhood is expected to further increase in value and take up an important position in the luxury retail segment.

▲ Antwerp, Graanmarkt 13

▾ Antwerp, Graanmarkt 13

▴ Antwerp, Graanmarkt 13, the restaurant

▴ Antwerp, Graanmarkt 13, middle: the gallery
Antwerp, Graanmarkt 13, below: high-end store

A fourth premium city high street shop, namely **Armeduivelstraat 6**, was added to the portfolio in December 2015 for approximately € 2 million. Armeduivelstraat connects Kelderstraat to Schuttershofstraat, Antwerp's luxury shopping street with retailers such as Hermès, Gucci, Jimmy Choo and Chanel. The acquired property is close to premises housing, among others, Karl Lagerfeld, Ladurée and Essentiel. It has been leased to Les Hommes, a Belgian luxury menswear brand. The neighbourhood is clearly in high demand among prominent retailers in the upper segment.

The acquisitions of Schuttershofstraat 22, 55, Graanmarkt 13 and Armeduivelstraat 6 were financed using available credit lines. The acquisition values were in line with the valuation by in the independent property expert of the company.

The Graanmarkt 13 was acquired through the takeover of shares belonging to the nv Tim & Ilse as at 31 July 2015. IFRS 3 is not applicable to this acquisition.

The annual gross rental income of these 4 transactions amounts to approximately € 0,7 million.

▲ Antwerp, Armeduivelstraat 6 (simulation facade shop)

Redevelopments

In addition to the expansions in Antwerp, Vastned Retail Belgium is also active in **Ghent**. Vastned Retail Belgium has started the prominent redevelopment and thorough restoration of a premium city high street shop on **Zonnestraat**. The property was originally a fabric shop belonging to Franchomme & Cie, built by architect Maurice Fétu in 1922.

It is the company's express intention to give back to the retail property in this prime location its original character and appeal. The vacant space on the first floor will be opened up so that it once again offers a view of the beautiful art deco stained glass domes. The façade will also be given a thorough overhaul and restored to its original state as much as possible. Vastned Retail Belgium commissioned Karuur Architecten from Antwerp for this project.

This redevelopment involves an investment amount of approximately € 2 million. AS Adventure will become the new tenant of this building at the end of 2016.

The acquisition of the retail properties in Antwerp and the renovation in Ghent fit in with Vastned Retail Belgium's investment strategy of focusing on premium city high street shops in prime locations on the most popular shopping streets of larger cities with firmly-established shopping areas.

▲ Ghent, Zonnestraat 6-10

Divestments

In 2015, Vastned Retail Belgium divested a total of 14 non-strategic retail properties having a total fair value of € 31 million, or approximately 9% of its overall real estate portfolio.

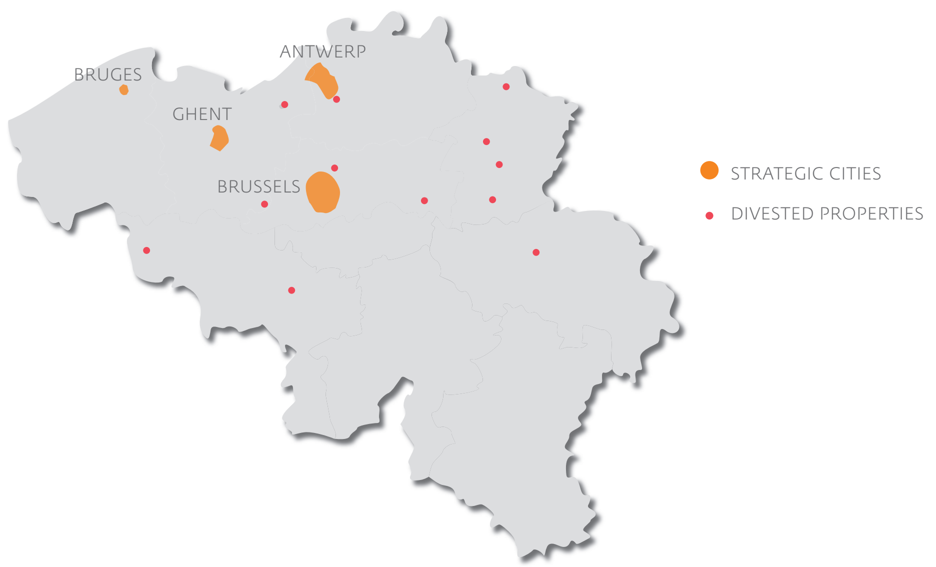
It is the strategy of Vastned Retail Belgium to reduce in the long term the share of non-high street shops in the company's real estate portfolio and to move towards a 75% share of premium city high street shops in the portfolio.

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.

Since retail properties are in high demand on the investment market, in 2015 Vastned Retail Belgium took advantage of these favourable market conditions to divest a total of 14 **non-strategic retail properties** for a total amount of € 31 million. The properties involved are high street shops and non-high street shops in secondary locations, namely Bruges, Dilsen, Vilvoorde, Borgloon, Froyennes, Heusden-Zolder, La Louvière, Mortsel, Overpelt, Sint-Niklaas, Tienen, Grivegnée and Hasselt. The properties sold represent a total retail surface area of approximately 23.034 m².

The net sales price is approximately 2% below the carrying amount as at 31 December 2014 (fair value as determined by the company's independent property expert). The buildings constitute 9% of the total fair value of the company's real estate portfolio and represent approximately € 2,3 million in rental income, or 11% of the total annual rental income of Vastned Retail Belgium.



The divestments that Vastned Retail Belgium carried out in 2015 are fully in line with the strategy to focus on shops in prime locations in town centres. As a result of these divestments, combined with the acquisition of 4 premium city high street shops in Antwerp, the share of premium city high street shops and high streets shops together increased to 75% of the real estate portfolio as at 31 December 2015.

Evolution in fair value of real estate portfolio

In 2015, the fair value of the investment properties of Vastned Retail Belgium decreased by € 10 million compared to the fair value as at 31 December 2014 and amounted as at 31 December 2015 to € 347 million (€ 357 million as at 31 December 2014).

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

Fair value of investment properties as at 31 December 2014	**357**
• acquisitions of investment properties	18
• divestments of investment properties	-31
• investments in the existing portfolio	0
• unrealised capital gains	9
• unrealised capital losses	-6
Fair value of investment properties as at 31 December 2015	**347**

This decrease was the combined effect of the divestment of 14 non-strategic retail properties with a total fair value (as at 31 December 2014) of € 31 million, partially compensated for by the investment in premium city high street shops in Antwerp with a fair value of € 18 million, and the increase of the fair value of the existing real estate portfolio by € 3 million.

▼ Antwerp, Meir 99

Leases

In the area of leases, 2015 was an active year for Vastned Retail Belgium. A total of 24 rental transactions were concluded that were valued at € 2,7 million in annual rental income. This represented roughly 15% of the company's total annual rental income. The average rent increase in these transactions was about 15%. In 2015, 11 lease agreements started, with the rest to commence in 2016 or later.

Rental activities clearly indicate that locations in the premium cities are in high demand among prominent retailers in the upper segment. Premises in the heart of the most attractive Belgian commercial cities continue to be an important element for strong retailers. They wish to maintain or expand their market share and interest at these locations.

▲ Antwerp, Schuttershofstraat 30

New leases

In 2015, 14 rental transactions were concluded with **new tenants** for a total annual rental volume of € 1,4 million. The new rent for these lease agreements is on average 12% higher than the rent for the previous lease agreements. These 14 lease agreements represent roughly 8% of the company's total rental income.

The premium cities remain steadfast, and prominent retailers are paying higher prices for the best locations in these cities. Vastned Retail Belgium could achieve an excellent increase in rent on Schuttershofstraat in Antwerp with newcomer Manila Grace, an Italian high-end ladies' fashion brand. This lease agreement entered into force during the second half of 2015, after the departure of the previous tenant, Pain de Sucre.

The **redevelopment** and thorough restoration of a premium city high street shop on **Zonnestraat in Ghent** will allow Vastned Retail Belgium to realise a rent increase of over 50%. AS Adventure will become the new tenant of this building at the end of 2016.

Due to the current market situation, it is often impossible to realise a substantial rent increase when leasing **high street shops** to new tenants. It is often necessary to lower the rent at secondary locations. In 2015, Vastned Retail Belgium concluded 5 lease agreements in this segment for a total annual rental volume of € 0,3 million. This involved an average rent decrease of 19% compared to the rent for the previous lease agreements.

In the **non-high street shops** segment, Décor Heytens moved out of 4 of its retail warehouse locations as at 1 January 2015: Huy, Kuurne, La Louvière and Montignies. In the meantime, the shops in Huy and La Louvière have been leased again with an average rent increase of 10%. These transactions indicate that retailers planning to expand believe in the quality and location of the Vastned Retail Belgium retail parks.

Lease renewals and renegotiations with existing tenants

Vastned Retail Belgium **renewed 10 lease agreements** in 2015 for a total annual rental volume of approximately € 1,3 million. On average, the new rent for these lease agreements was 17% higher than the rent being charged in the current lease agreements. These 10 lease agreements represent roughly 7% of the company's total rental income.

The largest rent increase was achieved in a **premium city high street shop** in Brussels, where the rent rose by approximately 57%. This renewal once again proves that it pays to invest in the very best shopping streets of the most beautiful cities in Belgium.

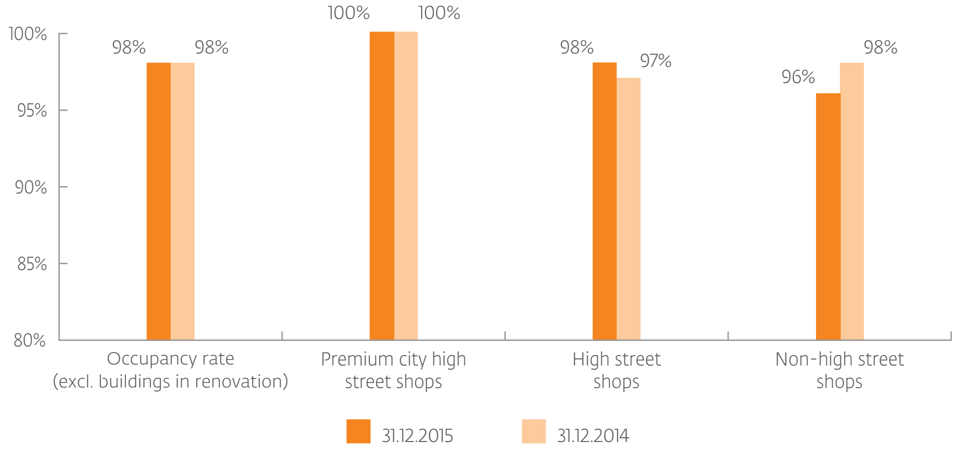
The other 9 lease extensions were for **non-high street shops**. Increases in rent of over 20% were also achieved in primary locations (Tielt-Winge, Kampenhout and Jemappes). The rent level could be maintained in secondary locations, which may indicate that the market is stabilising after a period of downward price adjustments.

Occupancy rate

The **occupancy rate** of the portfolio amounted to 98% as at 31 December 2015, remaining stable compared to 31 December 2014. The occupancy rate of the real estate portfolio remained at 100% for the premium city high street shops segment.

As at 31 December 2015 the occupancy rate amounted to 98%.

The occupancy rate



Occupancy rate (excluding redevelopments)	31.12.2015	31.12.2014
Premium city high street shops	100%	100%
High street shops	98%	97%
Non-high street shops (retail parks retail warehouses)	96%	98%
Occupancy rate	**98%**	98%

Financial results[6]

Consolidated income statement

in thousands €	2015	2014
Rental income	19.617	22.011
Rental-related expenses	-185	-81
Property management costs and income	40	43
Property result	**19.472**	**21.973**
Property charges	-1.844	-2.468
General costs and other operating costs and income	-1.071	-1.223
Operating result before result on portfolio	**16.557**	**18.282**
Result on disposals of investment properties	-654	-1.870
Changes in fair value of investment properties	3.356	11.102
Other result on portfolio	-393	-1.305
Operating result	**18.866**	**26.209**
Financial result (excl. changes in fair value - IAS 39)	-3.541	-4.191
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	197	-1.240
Taxes	-220	-290
Net result	**15.302**	**20.488**
Note:		
Operating distributable result[7]	12.745	13.801
Result on portfolio	2.308	7.927
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	249	-1.240

RESULT PER SHARE	2015	2014
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 (€)	3,01	4,03
Gross dividend (€)	2,51	2,72
Net dividend[8] (€)	1,8323	2,0400

6 Between brackets: comparative figures for the financial year 2014.
7 For the calculation of the operating distributable result: see Note 13 of the Financial report.
8 The withholding tax on dividends of public regulated real estate companies was increased from 25% to 27% (subject to certain exemptions) with effect from 1 January 2016, pursuant to the Act of 26 December 2015 laying down measures for the reinforcement of job creation and purchasing power, published in the Belgian Official Gazette of 30 December 2015.

Rental income of Vastned Retail Belgium amounted to € 19,6 million (€ 22,0 million) in 2015. The decrease of € 2,4 million or 11% compared to 2014 is primarily due to the divestment at the end of 2014 of 19 non-strategic retail properties (i.e. retail warehouses and high street shops at secondary locations), which accounts for approximately 12% of the real estate portfolio. This decrease was partly compensated by the acquisition of a premium city high street shop in Ghent in the third quarter of 2014 and four premium city high street shops in the centre of Antwerp in 2015, on the one hand, and by the indexation of existing lease agreements and lease renewals realised, on the other hand.

Property charges amounted to € -1,8 million (€ -2,5 million) in 2015 and decreased in terms of maintenance costs, commercial costs, vacancy costs and costs for the owner as a result of the divestment of 19 non-strategic retail properties in 2015.

General costs and other operating income and costs decreased in 2015 to € -1,1 million (€ -1,2 million). In 2014 the company incurred a one-off cost for advice and publication costs by converting the company's status of public real estate investment fund to regulated real estate company (RREC).

Through the decrease in rental income, partially compensated by the decrease of property charges and general costs, the **operating result before result on portfolio** decreased in 2015 by € 1,7 million to € 16,6 million (€ 18,3 million).

The operating margin of Vastned Retail Belgium was 84% for financial year 2015 (83% in 2014).

The **result on disposals of investment properties** amounted to € -0,7 million (€ -1,9 million) and comprised the loss realised on the divestment in 2015 of 14 non-strategic retail properties and inner-city shops in secondary locations. The total sales prices of the divested properties is approximately 2% lower than the carrying amount as at 31 December 2014 (fair value as estimated by the independent property expert of the company).

In 2015, the fair value of the existing real estate portfolio of Vastned Retail Belgium increased by 1% compared to the end of 2014. The changes in **fair value of investment properties** in 2015 are thus positive and amounted to € 3,4 million compared to € 11,1 million in 2014. This increase in fair value came mainly from the increase of € 3 million in the fair value of the existing real estate portfolio, mainly for premium city high street shops as a result of stronger yields and new leases.

The **other result on portfolio** comprised the immediate taking into result of the difference in price of € -0,4 million on the acquisition of the shares of the public limited company Tim & Ilse nv (owner of the premium city high street shop in Antwerp at Graanmarkt 13) as at 31 July 2015. IFRS 3 is not applicable to this acquisition.

The **financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounted to € -3,5 million in financial year 2015 (€ -4,2 million), constituting a € 0,7 million decrease compared to 2014, primarily due to the combination of:

- the decreased use of credit facilities as a result of the divestment of 19 non-strategic retail properties in 2014
- the investment in premium city high street shops in Ghent and Antwerp
- the one-off termination fee of € 0,3 million to convert a fixed-rate loan to a variable-rate loan which will result in lower interest costs in the future.

For financial year 2015, the average interest rate of the outstanding credit facilities of the company amounted to 3,1% including bank margins (3,2% in 2014).
The average interest rate, excluding the early termination fee for the refinancing, was 2,8% in 2015.

▲ Antwerp, Leysstraat 17

Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) in 2015 included the decrease of the negative market value of interest rate swaps that, in line with IAS 39, can not be classified as cash flow hedging instruments, for an amount of € 0,2 million (€ -1,2 million).

The **net result** of Vastned Retail Belgium amounted to € 15,3 million (€ 20,5 million) in financial year 2015 and can be split up into:

- the **operating distributable result** of € 12,7 million (€ 13,8 million) or a decrease of € 1,1 million or approximately 8%, which was primarily due to the divestment of non-strategic retail properties, both in 2014 and in 2015, resulting in a reduction of rental income; this effect was partly compensated by lower property charges and financing costs and by income from the acquisition of premium city high street shops
- the **result on portfolio** of € 2,3 million (€ 7,9 million) mainly as a result of the increase in the 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 € 0,2 million (€ -1,2 million).

For financial year 2015, the **operating distributable** result of Vastned Retail Belgium thus decreased to € 12,7 million (€ 13,8 million). With 5.078.525 shares being issued, this represented a **gross dividend** of € 2,51 per share for financial year 2015, compared to € 2,72 in 2014. As such the gross dividend yield amounted to 4,5% based on the share price as at 31 December 2015.

Consolidated balance sheet

in thousands €	31.12.2015	31.12.2014
ASSETS		
Non-current assets	347.196	357.023
Current assets	1.082	5.391
Total assets	**348.278**	**362.414**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**244.495**	**242.967**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	127.797	120.910
Net result of the financial year	15.302	20.494
Minority interests	0	167
Liabilities	**103.783**	**119.447**
Non-current liabilities	69.775	91.632
Current liabilities	34.008	27.815
Total shareholders' equity and liabilities	**348.278**	**362.414**

Data per share	31.12.2015	31.12.2014
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	48,14	47,81
Net value (investment value) (€)	49,90	49,59
Net asset value EPRA[9] (€)	49,02	48,71
Premium to net value (%)	16%	21%
Debt ratio (max. 65%) (%)	28%	31%

9 Financial performance indicator calculated according to EPRA's Best Practices Recommendations (European Public Real Estate Association). These data are not required by regulation regarding regulated real estate companies and are not subject to a control by government authorities. These figures are not audited by the statutory auditor except for the EPRA Earnings, the EPRA NAV and the EPRA NNNAV. See also www.epra.com.

Assets

As at 31 December 2015, the fair value of the **investment properties** of Vastned Retail Belgium amounted to € 347 million (€ 357 million as at 31 December 2014). This decrease of € 10 million in 2015 compared to 31 December 2014 was mainly the combined effect of:

- the divestment of 14 non-strategic retail properties and inner-city shops in secondary locations with a total fair value of € 31 million as at 31 December 2014, which accounts for approximately 9% of the real estate portfolio
- the acquisition of four premium city high street shops in Antwerp with a total fair value of approximately € 18 million
- a € 3 million increase in the fair value of the existing real estate portfolio, primarily from premium city high street shops as a result of stronger yields and new leases.

As at 31 December 2015, the fair value of the real estate portfolio amounted to € 347 million.

As at 31 December 2015, the real estate properties were valued at € 355 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 amounted to € 1 million (€ 5 million). At the end of financial year 2014, current assets consisted of € 4 million assets held for sale for which the notarial deeds still had to be executed.

Thanks to a strict credit control the number of days of outstanding customers' credit was only 3 days.

▲ Wilrijk, Boomsesteenweg 666-672

Liabilities

Shareholders' equity of the company amounted to € 244 million (€ 243 million). The share capital (€ 97 million) and the **share premium** (€ 4 million) remained unchanged. The number of shares entitled to dividend amounted to 5.078.525 as at 31 December 2015.

In 2015, the free float of the share remained unchanged at 34,5%.

The **reserves** of the company amounted as at 31 December 2015 to € 128 million (€ 121 million) and consist mainly of the next:

- A reserve for the balance of the changes in fair value of real estate properties for € 131 million (€ 123 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 140 million (€ 132 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 2015, this difference amounted to € -9 million (€ -9 million).

- A reserve for the balance of the changes in fair value of allowed hedging instruments of € -4 million (€ -3 million).

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

As at 31 December 2015, the **net value** (fair value) of the share was € 48,14 (€ 47,81). Given that the share price as at 31 December 2015 was € 55,97, the share of Vastned Retail Belgium is quoted with a premium of approximately 16% compared to this net value (fair value).

Compared to 2014, **non-current liabilities** decreased to € 70 million (€ 92 million) and consisted mainly of € 65 million long-term financings as well as the negative market value of € 4 million in non-current hedging instruments. The decrease of 22 million resulted mainly from the realised sales of investment properties.

Current liabilities amounted to € 34 million (€ 28 million) and consisted of € 30 million (€ 19 million) current financial debts (of € 5 million short-term financing progressing each time and a bank loan of € 25 million expiring before 31 December 2016), of € 2 million in trade debts and other current debts and of € 1 million in deferred charges and accrued income.

The **debt ratio** of the company amounted to 28% as at 31 December 2015 and decreased thus by 3% compared to 31 December 2014, mainly as a result of the realised sales of investment properties.

A low debt ratio of 28% as at 31 December 2015 (31% as at 31 December 2014) offered the company a stable balance-sheet position.

Financial structure

As at 31 December 2015, Vastned retail Belgium had a conservative financial structure allowing it to continue to carry out its activities in 2016.

The most important characteristics of the financial structure as at 31 December 2015 were:

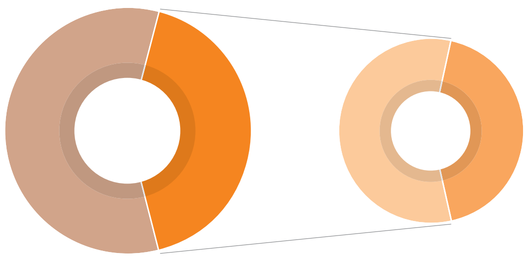
- amount of financial debts: € 95 million
- 58% of the available credit lines at financial institutions are long-term financings with a weighted average remaining duration of 3,2 years
- well-spread expiry dates of credit facilities between 2016 and 2021
- spread of credit facilities over 5 European financial institutions
- € 42 million of available non-withdrawn credit lines at financial institutions
- 66% of the available credit facilities have a fixed interest rate or are fixed through interest rate swaps, 34% have a variable interest rate; of the withdrawn credit facilities this is respectively 94% and 6%
- fixed interest rates are fixed for a remaining period of 3,3 years on average
- average interest rate for 2015: 3,1% including bank margins (3,2% in 2014)
- market value of financial derivatives: € 4,1 million in negative
- limited debt ratio of 28% (legal maximum: 65%) (31% as at 31 December 2014)

58% of the credit lines were long-term financings with well spread expiry dates.

Balance between long-term and short-term financings

As at 31 December 2015, 58% of the available credit lines with financial institutions were long-term financing schemes. Some 42% of the credit lines were short-term financing, with 24% consisting of credit facilities with an unlimited duration (€ 32 million) and 18% of a credit facility which has to be refinanced in the first semester of 2016 (€ 25 million). For the refinancing of the latter credit facility, discussions are ongoing with several financial institutions.

Balance between long-term and short-term financings



58% Long-term credit facilities
42% Short-term credit facilities
24% Credit facilities with unlimited duration
18% Credit facility expiring in the first quarter of 2016

Duration and spread of expiry dates of long-term financings

As at 31 December 2015, the weighted average duration of the long-term financings was 3,2 years compared to 2,1 years as at 31 December 2014. 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.

Vastned Retail Belgium further optimised the spread of the due dates of its credit lines in 2015. Two credit agreements were concluded in 2015.

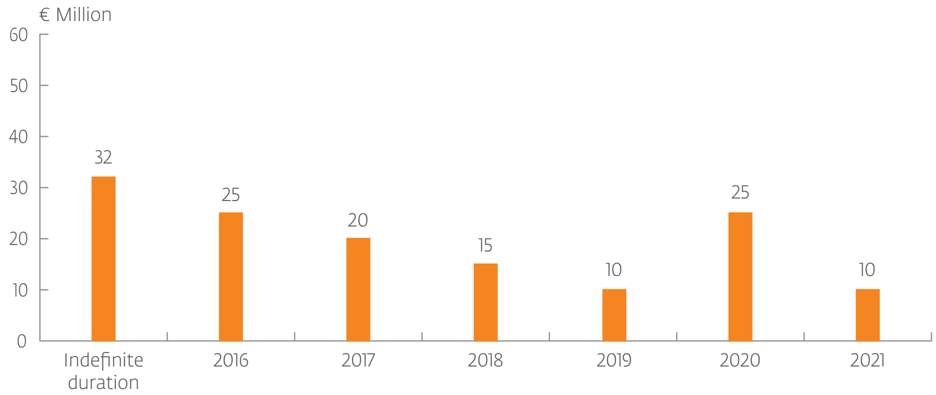
- The refinancing of € 35 million in credit lines which should expire at the end of 2016 was finalised with one of its existing financiers. The new credit lines now expire in 2019 and 2021, as well as some of them being current, and were concluded in line with market conditions with the same financial institution.
- Furthermore, an existing credit agreement for an amount of € 25 million for a term of 5 years was also extended in the first semester of 2015, also in line with market conditions.

The weighted average duration of long-term credit facilities amounted to 3,2 years as at 31 December 2015.

In 2015, Vastned Retail Belgium further optimised the spreading of expiry dates for the credit lines.

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

Expiry caldendar credit lines



Available credit lines

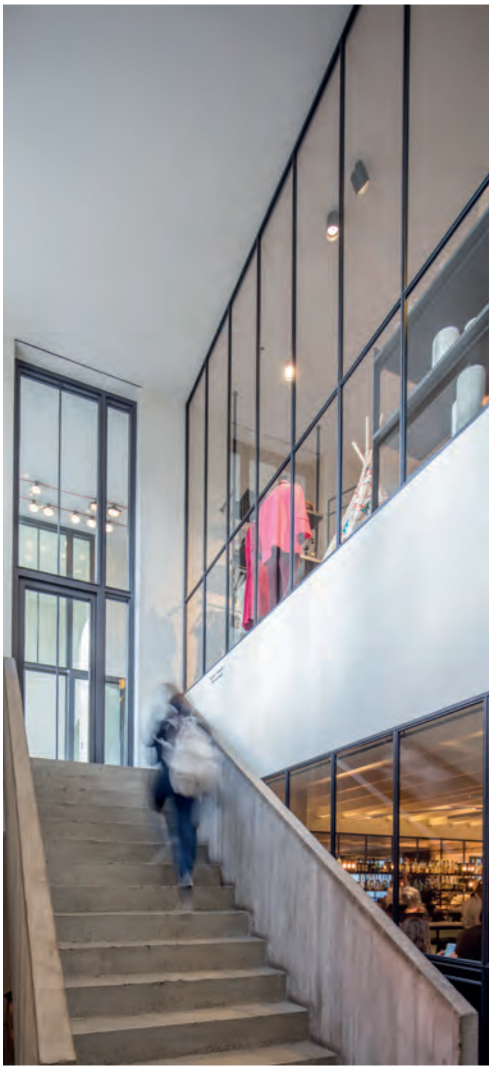
As at 31 December 2015, the company still had € 42 million (€ 31 million in 2014) of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for payment of the dividend of financial year 2015.

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 2015, 66% of the available credit lines of the company consisted of financing with a fixed interest or is fixed by interest rate swaps. 34% were credit facilities with a variable interest rate.

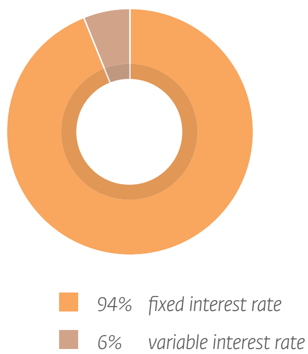
Of the withdrawn credit facilities as at 31 December 2015, 94% had a fixed interest rate or was fixed by interest rate swaps. 25% had a variable interest rate which is beneficial due to the current low interest rate levels.

94% of the withdrawn credit facilities had a fixed interest rate or are hedged by financial derivatives.



▲ Antwerp, Graanmarkt 13

Balance credit facilities with fixed and variable interest rate



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. The interest rate policy of Vastned Retail Belgium consists of using a variable interest rate for a third of its credit facilities.

In 2015, the company purchased interest rate swaps for a notional amount of € 20 million with terms of 5 and 6 years in 2015 (see also Note 19 of the Financial report for the overview and the fair value of the financial derivatives as at 31 December 2015).

As at 31 December 2015, Vastned Retail Belgium had a notional amount of € 90 million in active interest rate swaps, with an average remaining term of 3,3 years.

Average interest rates

In 2015, the total average interest rate of the financial debts of the company decreased and amounted to 3,1%, including bank margins (3,2% in 2014).

For 2015, the average interest rate for the non-current financial debts amounted to 3,0% (3,1% in 2014).

For 2015, the average interest rate for the current financial debts amounted to 3,1% (3,3% in 2014).

Interest rate sensitivity

For financial year 2015, the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1% gave a negative result of approximately € 0,3 million (€ 0,4 million in 2014). The concluded financial derivatives were 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 amounted to 4,7 for financial year 2015 (4,4 for financial year 2014), which is significantly better than the requirements agreed in the financing agreements of company as a covenant.

The company had a limited debt ratio of 28%.

Debt ratio

As at 31 December 2015, the debt ratio of the company amounted to 28% and decreased by 3% compared to 31 December 2014 (31%) as a result of divestments in investment properties in 2015 and the increase in fair value of the existing real estate portfolio.

Profit distribution 2015

The board of directors proposes to distribute the result for financial year 2015 of Vastned Retail Belgium nv, as follows.

in thousands €	31.12.2015
Net result for financial year 2015[10]	**15.302**
Transfer to the reserves for the balance of changes in fair value[11] of investment properties	
• Financial year	-4.107
• Value realised from real estate properties	1.325
Transfer to the reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	281
Transfer from the reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	-196
Transfer from other reserves	62
Transfer from results carried forward from previous financial years	80
Remuneration of capital	**12.747**

At the general meeting of shareholders as at 27 April 2016, it shall be proposed that a gross dividend of € 2,51 per share will be distributed.

10 As legally speaking only the operating distributable result 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).

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

This gross dividend represents a net dividend of € 1,8323 after deduction of 27% withholding tax.

The withholding tax on dividends of public regulated real estate companies was increased from 25% to 27% (subject to certain exemptions) with effect from 1 January 2016, pursuant to the Act of 26 December 2015 laying down measures for the reinforcement of job creation and purchasing power, published in the Belgian Official Gazette of 30 December 2015.

Taking into account 5.078.525 shares that will participate in the full result for the financial year, this means that a dividend of € 12.747.098 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 dividend policy, will for 2015 also distribute 100% of the operating distributable result.

The dividend will be payable as from 9 May 2016. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 16.

▲ Brussels, Nieuwstraat 98

EPRA Best Practices[12]

In december 2014 heeft EPRA's Reporting and Accounting Committee de geactualiseerde EPRA Best Practices Recommendations ('BPR')[13]. 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 December 2014 and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated financial statements.

▾ Antwerp, Schuttershofstraat 55

12 The publication of these data are not compulsory under the legislation on regulated real estate companies and are not verified by public authorities. These figures were not audited by the statutory auditor except the EPRA Earnings, the EPRA NAV and the EPRA NNNAV. See also www.epra.com.

13 The report can be consulted on the website of EPRA: www.epra.com.

EPRA Key performance indicators

Table	EPRA Indicators	Definitions EPRA[14]		31.12.2015	31.12.2014
1	EPRA Earnings	Recurring earnings from core operational activities.	in thousands €	12.797	13.807
			€/share	2,52	2,72
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 €	248.939	247.352
			€/share	49,02	48,71
3	EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	in thousands €	244.495	242.434
			€/share	48,14	47,74
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.		4,8%	4,9%
	(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 discoun-ted rent periods and step rents).		4,9%	5,1%
5	EPRA Vacancy Rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.		1,8%	1,5%
6	EPRA Cost Ratio (including direct vacancy costs)	EPRA costs (including direct vacancy costs) divided by gross rental income less compensations for building rights and long-lease rights.		16,3%	17,3%
	EPRA Cost Ratio (excluding direct vacancy costs)	EPRA costs (excluding direct vacancy costs) divided by gross rental income less compensations for building rights and long-lease rights.		16,0%	16,3%

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

Table 1: EPRA Earnings

in thousands €	2015	2014
Net result	**15.302**	20.494
Ajustments to calculate EPRA Earnings		
To exclude:		
Changes in fair value of investment properties	-3.356	-11.102
Result on disposals of investment properties	654	1.870
Changes in fair value of financial assets and liabilities	-196	1.240
Other result on portfolio	393	1.305
EPRA Earnings	**12.797**	13.807
Weighted average number of shares	5.078.525	5.078.525
EPRA Earnings (€/share)	**2,52**	2,72

The EPRA Earnings amounted to € 12,8 million for financial year 2015 compared to € 13,8 million for financial year 2014 or an decrease of € 1 million or 7%, mainly due to the divestment of non-strategic retail properties, both in 2014 and in 2015, resulting in a reduction of rental income. This effect was partly compensated by lower property charges and financing costs and by income from the acquisition of premium city high street shops. The EPRA Earnings per share amounted herewith to € 2,52 for financial year 2015 compared to € 2,72 for financial year 2014.

▲ Brussels, Elsensesteenweg 41

Table 2 and 3: EPRA NAV and EPRA NNNAV

in thousands €	31.12.2015	31.12.2014
Net asset value	**244.495**	242.800
Net asset value (€/share)	**48,14**	47,81
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	**244.495**	242.800
To exclude:		
IV. Fair value of financial instruments	4.149	4.552
Va. Deferred taxes	295	0
EPRA NAV	**248.939**	247.352
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NAV (€/share)	**49,02**	48,71
To include:		
I. Fair value of financial instruments	-4.149	-4.552
II. Revaluations at fair value of financings with fixed interest rate	0	-366
III. Deferred taxes	-295	0
EPRA NNNAV	**244.495**	242.434
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NNNAV (€/share)	**48,14**	47,74

The EPRA NAV per share amounted as at 31 December 2015 to € 49,02 compared to € 48,71 as at 31 December 2014.

The EPRA NNNAV per share amounted as at 31 December 2015 to € 48,14 compared to € 47,74 as at 31 December 2014.

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

in thousands €	31.12.2015	31.12.2014
Investment properties and properties held for sale	**346.674**	360.692
To include:		
Properties in renovation in order to be leased	-10.311	-2.129
Properties held for sale	0	-4.156
Properties available for lease	**336.363**	354.407
To include:		
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	8.409	8.860
Investment value of properties available for lease (B)	**344.772**	363.267
Annualised gross rental income	18.188	19.862
To exclude:		
Property charges[15]	-1.710	-1.931
Annualised net rental income (A)	**16.478**	17.931
Adjustments:		
Rent expiration of rent free periods or other lease incentives	336	569
Annualised 'topped-up' net rental income (C)	**16.814**	18.500
(in %)		
EPRA NET INITIAL YIELD (A/B)	**4,8%**	4,9%
EPRA 'TOPPED-UP' NET INITIAL YIELD (C/B)	**4,9%**	5,1%

The EPRA Net Initial Yield and the EPRA Adjusted Net Initial Yield as at 31 December 2015 decreased slightly compared to 31 December 2014, mainly due to quality improvement of the portfolio.

15 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	Estimated rental value (ERV) on vacant spaces	Estimated rental value (ERV)	EPRA vacancy rate	EPRA vacancy rate
	in m²	in thousands €	in thousands €	in %	in %
				31.12.2015	31.12.2014
Premium city high street shops	20.040	0	8.931	0%	0%
High street shops	11.071	67	3.455	2%	3%
Non-high street shops	55.972	265	6.044	4%	2%
Total properties available for lease	**87.083**	**332**	**18.430**	**2%**	**2%**

Table 6: EPRA Cost Ratios

in thousands €	2015	2014
General costs	1.145	1.248
Write-downs on trade receivables	179	70
Compensations for building rights and long-lease rights	109	110
Property charges	1.844	2.468
To exclude:		
Compensations for building rights and long-lease rights	-109	-110
EPRA costs (including vacancy costs) (A)	**3.168**	**3.786**
Vacancy costs	-48	-219
EPRA costs (excluding vacancy costs) (B)	**3.120**	**3.567**
Rental income less compensations for building rights and long-lease rights (C)	19.508	21.901
(in %)		
EPRA Cost Ratio (including vacancy costs) (A/C)	**16%**	**17%**
EPRA Cost Ratio (excluding vacancy costs) (B/C)	**16%**	**16%**

The EPRA Cost Ratio (including vacancy costs) and the EPRA Cost Ratio (excluding vacancy costs) as at 31 December 2015 decreased compared to 31 December 2014, mainly due to a decline of the property charges (€ 0,6 million) and the general costs (€ 0,1 million) in financial year 2015. The vacancy costs decreased by € 0,2 million in 2015, mainly due to the divestment of Julianus Shopping in Tongeren at the end of 2014.

Outlook for 2016[16]

Cities will need to redefine and more clearly delineate their shopping districts and shopping streets. Premium cities must ensure that they retain their strength by maintaining their general appeal (retail offer, culture, tourism, hotel, restaurant and catering facilities). Smaller cities are well-served by a more local retail offering and a few larger retail clusters. Small local trade can be an important asset in smaller cities and in secondary areas in larger cities. Increased vacancy is expected in c-locations, but they do have the advantage that they are located close to residential neighbourhoods, which offers more reconversion possibilities. Government will have a role to play in re-purposing these vacant buildings.

Developing clusters is the future. An increasing number of projects are combining multiple functions: leisure, residence, work and shopping. Redevelopments of existing sites are displaying this tendency, and housing above shops is a clear trend. Clustering is a must, both in the periphery and in city centres, ribbon development is outmoded and does not benefit mobility.

Strong retailers are expected to further integrate their sales channels, and consumers are expected to play the central role in this respect. Online and offline sales will be attuned to one another and will no longer be regarded as competitors.

Vastned Retail Belgium intends to pursue its strategy further in 2016 by focusing explicitly on premium quality retail locations and properties. The company intensified its **investment strategy** at the beginning of 2015. The objective of having at least 75% of its investments in high street shops has in the meantime been achieved in Belgium. These are locations where consumers and retailers find one another, which means that retailers are willing to continue to pay to be present in such popular places.

The company will continue to work towards a clear predominance of **premium city high street shops**, i.e. the very best retail property in the most popular shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges since the surpose is to be invested in this type of real estate for 75% in the long-term. Vastned Retail Belgium now has several premium city high street shops in its portfolio. Having several properties in the same city centre means greater knowledge of the environment and makes it easier to assess opportunities, a fact that is clearly proven by the acquisitions in Antwerp.

The **divestments** in 2014 and 2015 freed up funds to further implement the strategic focus on high street shops. Additional divestments will, for the most part, be made in an opportunistic way, and are only being considered for non-strategic high-street shops in smaller cities and non-strategic retail warehouses or retail parks. Absolute premium retail warehouse projects, 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. This allows it to continue to emphasise quality in the real estate portfolio, with regard to both real estate and tenants.

Improving the quality of the real estate portfolio results in a lower risk profile. The short-term consequence of this is that the **operating distributable result** is expected to be lower in 2016 than in 2015.

16 Sources: The Belgian Retail Market, Pulse Spring 2015, JLL; Marketbeat, Retail Snapshots, Q1 2015, Cushman & Wakefield; Retail Update newsletter, different numbers January-June 2015; Trends, report investments in real estate, 11/06/2015, Property Times - Q4 2015 - Cushman & Wakefield, Streetwise - Cushman & Wakefield February 2016.

▾ Antwerp, Huidevettersstraat 12

▾ Brussels, Louizalaan 7

▴ Bruges, Steenstraat 38

▴ Ghent, Veldstraat 81

Graanmarkt 13

Antwerp

Report on the share

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.

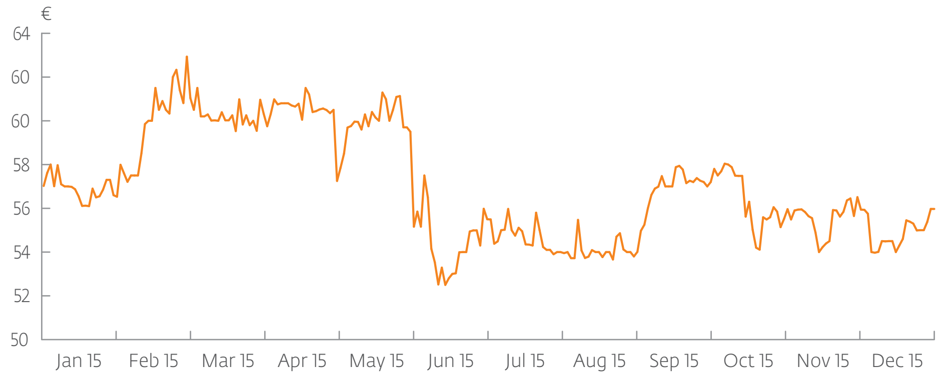
VASTB LISTED EURONEXT

Share price evolution

The share price of the Vastned Retail Belgium share was € 55,97 as at 31 December 2015, a decrease of about 3% compared to 31 December 2014 (€ 57,97).

The share's lowest price was € 52,50 (as at 17 June 2015) and its highest price was € 62,93 (as at 2 March 2015).

The average share price of financial year 2015 was € 57,01 compared to € 55,24 in financial year 2014.



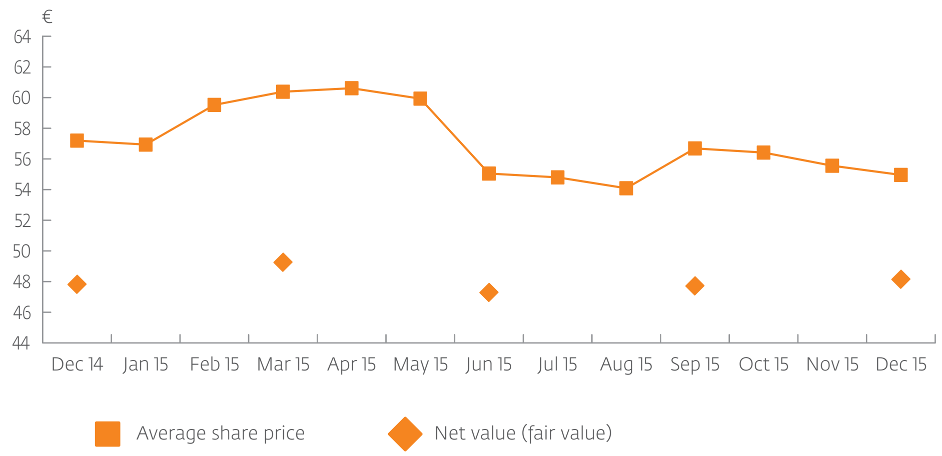
Share price evolution 2011-2015

During the last 5 years (2011-2015) the share price of the Vastned Retail Belgium share increased gradually from € 43,97 as at 1 January 2011 to € 55,97 as at 31 December 2015 or an increase of approximately 27%.

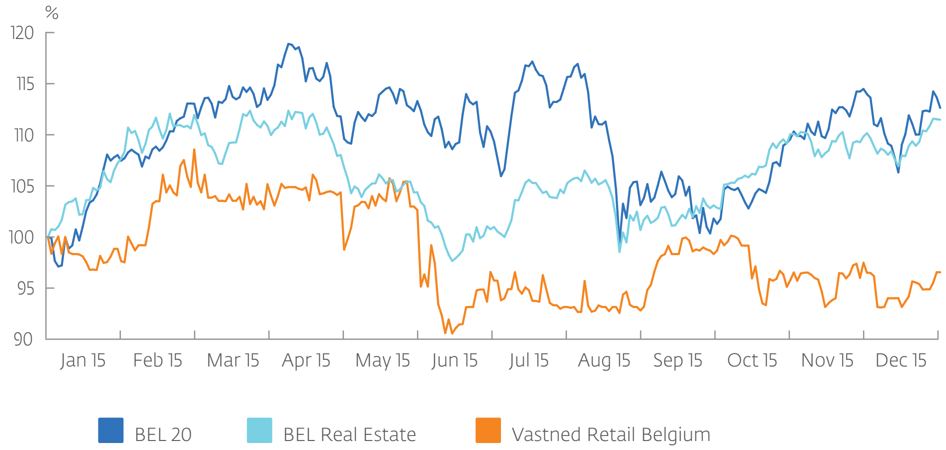
Premium Vastned Retail Belgium

During 2015, the Vastned Retail Belgium share was quoted with a premium of 19% in average compared to the net value (fair value).

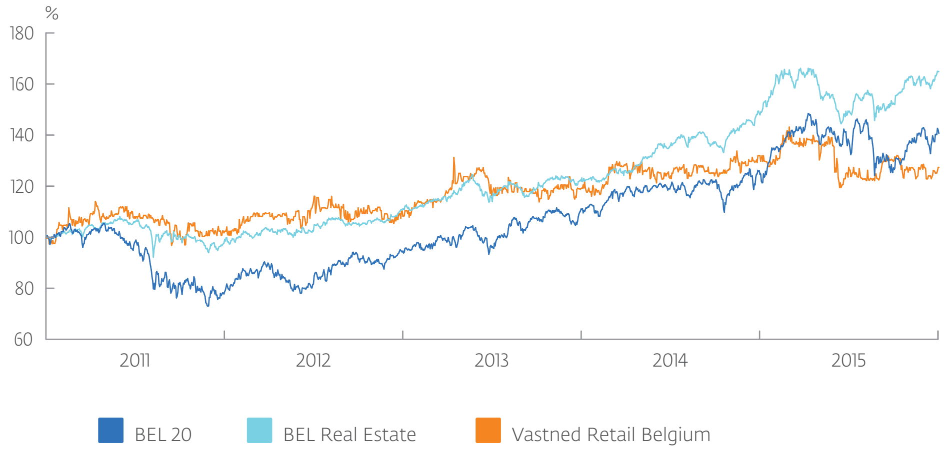
The net value of Vastned Retail Belgium included the 2014 dividend up to the payment date as at 7 May 2015.



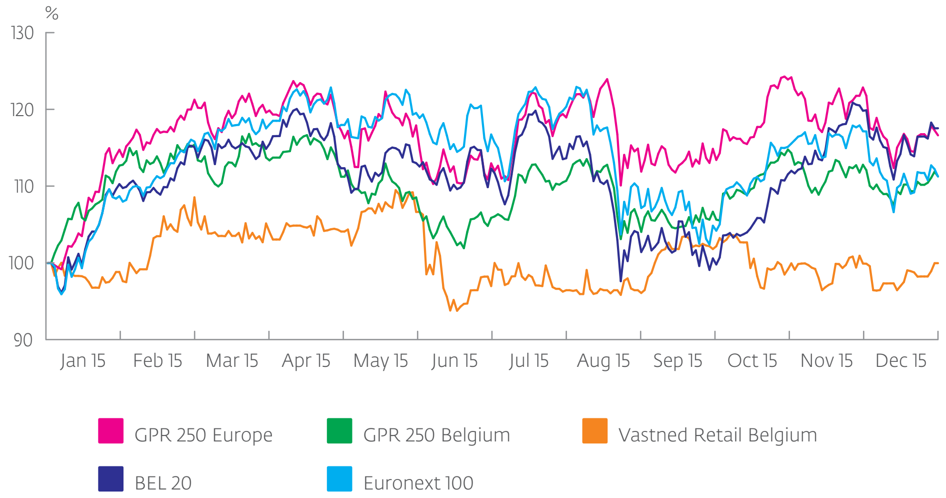
Comparison of Vastned Retail Belgium with Bel Real Estate index and BEL 20 Close index



During the past 5 years (2011-2015) the share price performance of Vastned Retail Belgium was similar to the BEL 20 and the BEL Real Estate, however during 2015 its performance was less strong.



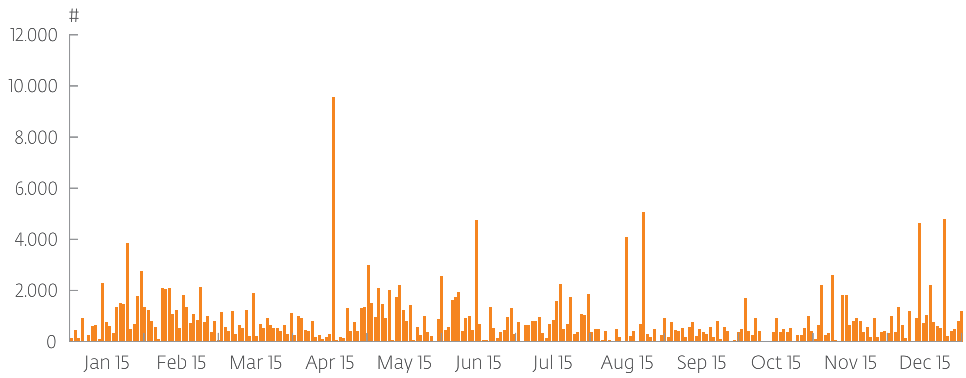
Comparison of Vastned Retail Belgium with GPR indexes



This chart shows that Vastned Retail Belgium performed less strongly in 2015 compared 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.propertyshares.com) regarding the GPR 250 Europe and GPR 250 Belgium.

Traded volumes Vastned Retail Belgium



The traded volumes, with an average of 849 shares per day, were at the same level as previous year (813 units a day).

A liquidity contract has been concluded with Bank Degroof Petercam 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 2015 the free float amounted to 34,5%.

Dividend and number of shares

	31.12.2015	31.12.2014	31.12.2013
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 (€)	31.12.2015	31.12.2014	31.12.2013
Highest closing share price	62,93	58,80	57,69
Lowest closing share price	52,50	51,00	47,37
Share price on closing date	55,97	57,97	52,40
Premium to net value (%)	16%	21%	13%
Average share price	57,01	55,24	52,06

Data per share (€)	31.12.2015	31.12.2014	31.12.2013
Net value (fair value)	48,14	47,81	46,37
Net value (investment value)	49,90	49,59	48,13
Net asset value EPRA	49,02	48,71	47,08
Gross dividend	2,51	2,72	2,65
Net dividend[17]	1,8323	2,0400	1,9875
Closing price gross dividend yield (%)	4,5%	4,7%	5,0%
Closing price net dividend yield (%)	3,3%	3,5%	3,8%

As at 31 December 2015 the share price of Vastned Retail Belgium was € 55,97 offering its shareholders a gross dividend yield of 4,5%.

17 The withholding tax on dividends of public regulated real estate companies was increased from 25% to 27% (subject to certain exemptions) with effect from 1 January 2016, pursuant to the Act of 26 December 2015 laying down measures for the reinforcement of job creation and purchasing power, published in the Belgian Official Gazette of 30 December 2015.

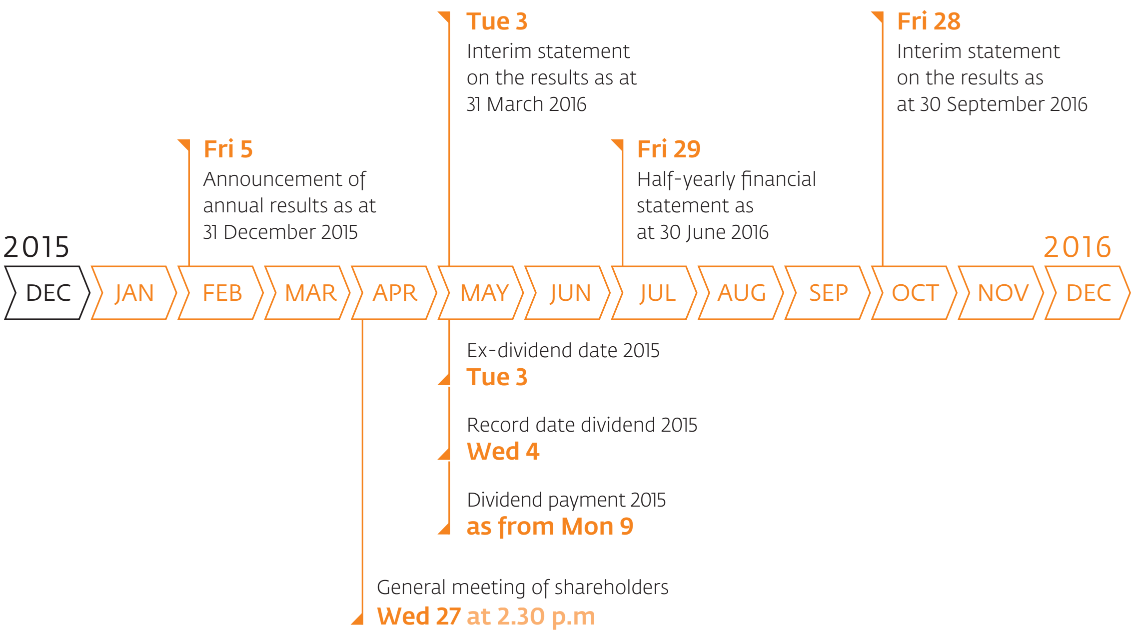
Shareholders

As at 31 December 2015, 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 nv Uitbreidingstraat 66 2600 Berchem - Antwerp Belgium	5.431 shares	0,1%
Capfi Delen Asset Management nv Jan Van Rijswijcklaan 178 B - 2000 Antwerp Belgium	209.855 shares	4,1%
Public	1.542.710 shares	30,4%
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 nv have informed the FSMA that they act jointly.

Financial calendar 2016



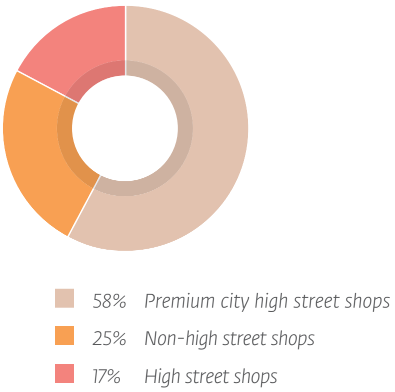
Manila Grace
Schuttershofstraat 30
Antwerp

Property report

Composition of the portfolio[18]

Vastned Retail Belgium invests exclusively in Belgian commercial real estate, more specifically in premium city high street shops (prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges), high street shops (city centre shops outside of the premium cities) and non-high street shops (high-end retail parks and retail warehouses).

Type of retail property



▲ Antwerp, Schuttershofstraat 55

The retail properties consist of 58% premium city high street shops, 17% high street shops and of 25% non-high street shops.

The **premium city high street shops** category includes prime shops situated in premium cities. The latter 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.

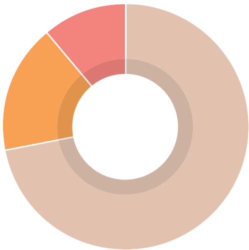
High street shops are prime shops in secondary cities. Prime shops on these locations remain desirable assets for retailers and investors alike. The scarcity of these objects supports to a large extent the development value of these buildings.

For **non-high street shops** (retail warehouses and retail parks), the location along major traffic routes is especially characteristic, as is the large-scale retail surfaces areas (from 400 m²). This relates to both detached buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking. For a number of years now, the retail warehouses have been undergoing quality development. The retail parks especially are a pole of attraction in themselves, and are not just attractive for discount formulae. For several years there has been an evolution wherein retailers have been establishing themselves both in the town centres as well as in the periphery.

The costs that are borne by the lessor are usually limited to major maintenance work on the structure of the building or major repairs or replacements of roofs. Rental charges (such as property tax and costs for shared areas) are mostly borne by the tenant.

18 The charts in this chapter were compiled based on the annual rental income of 2015 and the value of the real estate properties as at 31 December 2015.

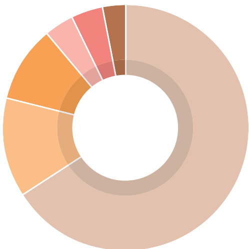
Geographical spread



72% Flanders
17% Brussels
11% Walloon region

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

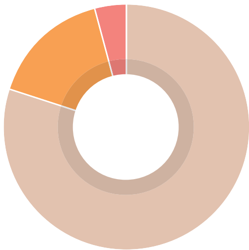
Sector of tenants



66% Clothing, shoes and accessoires
13% Leisure, luxury articles and personal care
10% Domestic articles, interior and do-it-yourself
4% Specialised food shops and department stores
4% TV, hifi, electrical articles, multimedia and telephone
3% Others

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

Region of activity of tenants[19]



80% International
16% National
4% Local

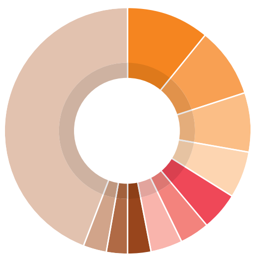
The major share of tenants are international chains, which is beneficial to the stability and continuity of portfolio.

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 (98% as at 31 December 2015).

19 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.

Risk spread among buildings based on fair value

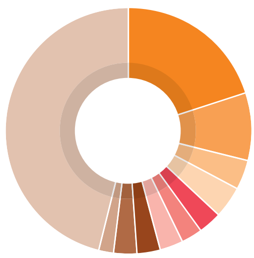


Through the spread of tenants over a large number of buildings on different locations, the risk of retail centres is evolving less favourably and its effect on changes in rental prices is extremely limited. As at 31 December 2015 the portfolio was made up of 143 leasable units, spread over 61 different locations.

As at 31 December 2015, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 21,5% of the consolidated assets of Vastned Retail Belgium. On the basis of the annual total rental income H&M represented 19,6%. The FSMA granted Vastned Retail Belgium a derogation from the limitation to 20% in accordance with article 30 §3 and §4 of the RREC Act. This article prohibits RRECs from investing more than 20% of their assets in one single property entity.

In the light of this granted derogation, the debt ratio may not amount to more than 33%, in accordance with the provisions of article 30 §4 of the RREC Act. The debt ratio of Vastned Retail Belgium amounted to 28% as at 31 December 2015. The aforementioned derogation was obtained for 2 years, until October 2017.

Risk spread among tenants based on rental income



Rental income of Vastned Retail Belgium is spread over 108 different tenants, limiting debtor's risk and improving stability of rental income. The ten most important tenants represent 54% of rental income and are always prominent companies in their sector and part of international groups.

The top 10 of tenants generated 54% of rental income.

Overview of the real estate portfolio[20]

31 December 2015

Region	Space m²	Annual rent € 000	Investment value € 000	Fair value € 000	Weighting %
Investment properties					
Brussels	11.310	3.136	60.032	58.568	17%
Flanders	61.970	13.549	256.635	250.376	72%
Walloon region	16.940	2.913	38.674	37.730	11%
Total investment properties	**90.220**	**19.598**	**355.341**	**346.674**	**100%**

▼ Antwerp, Leysstraat 17

20 The yield was calculated based on the investment value of the investment properties until the annual report 2014. In order to achieve uniformity with the yield in the industry, the yield in the annual report 2015 is calculated based on the fair value of the investment properties. The comparative figures of 2014 and earlier have been recalculated based on the fair value.

Evolution of the real estate portfolio

	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Investment value investment properties (€ 000)	346.674	356.536	361.678	359.183	362.213
Current rents (€ 000)	19.266	20.431	22.125	21.832	21.942
Yield (%)	5,6%	5,7%	6,1%	6,1%	6,1%
Current rents, including estimated rental value on vacancy (€ 000)	19.598	20.875	23.183	22.442	22.724
Yield if fully let (%)	5,7%	5,9%	6,4%	6,2%	6,3%
Total leasable space of investment properties (m²)	90.220	111.594	146.962	151.041	161.573
Occupancy rate (exclusive properties in renovation) (%)	98%	98%	95%	97%	97%

As at 31 December 2015, the real estate portfolio had an occupancy rate of 98%.

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, which experienced stronger yields for prime locations over the course of 2015. Moreover, the improvement made to the quality of the real estate portfolio via the acquisition of four premium city high street shops in prime locations in Antwerp and the divestment of 14 non-strategic properties in 2015 caused the average yield in the real estate portfolio of Vastned Retail Belgium to decrease. As at 31 December 2015, the premium high street shops had an average yield of 5% (5% as at 31 December 2014), the high street shops had an average yield of 6% (6% as at 31 December 2014) and the non-high street shops had an average yield of 7% (7% as at 31 December 2014).

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 (yield or capitalisation rate) with 1% (from 5,7% to 6,7% in average), the investment value of the real estate portfolio would decrease by € 52 million or 15%. Herewith the debt ratio of the company would increase by 5% to 33%.

In the opposite case of a hypothetical positive adjustment of this yield with 1% (from 5,7% to 4,7% in average), the investment value of the real estate would increase by € 75 million or 21%. Herewith the debt ratio of the company would decrease by 5% to 23%.

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, a.o., 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 capitalisation 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 2015, Cushman & Wakefield stated that the investment value of the retail portfolio amounted to € 156.466.686.

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 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 2015, CB Richard Ellis stated that the fair value of the commercial properties amounted to € 190.207.148.

H&M

Veldstraat 23-27

Ghent

Financial report

▾ Bruges, Steenstraat 80

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Consolidated income statement

in thousands €	Note	2015	2014
Rental income	4	19.617	22.011
Rental-related expenses	4	-185	-81
NET RENTAL INCOME		**19.432**	21.930
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.462	1.506
Rental charges and taxes normally payable by tenants on let properties	4	-1.462	-1.506
Other rental-related income and expenses		40	43
PROPERTY RESULT		**19.472**	21.973
Technical costs	5	-432	-582
Commercial costs	5	-156	-319
Charges and taxes on unlet properties	5	-48	-219
Property management costs	5	-1.270	-1.223
Other property charges	5	62	-125
Property charges		**-1.844**	**-2.468**
OPERATING PROPERTY RESULT		**17.628**	19.505
General costs	6	-1.145	-1.248
Other operating income and costs		74	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**16.557**	18.282
Result on disposals of investment properties	8	-654	-1.870
Changes in fair value of investment properties	9	3.356	11.102
Other result on portfolio	10	-393	-1.305
OPERATING RESULT		**18.866**	26.209
Financial income	11	5	6
Net interest charges	11	-3.536	-4.187
Other financial charges	11	-10	-10
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	11	197	-1.240
Financial result		**-3.344**	**-5.431**
RESULT BEFORE TAXES		**15.522**	20.778
Corporate tax		-220	-290
Taxes	12	**-220**	**-290**
NET RESULT		**15.302**	20.488
Note:			
Operating distributable result	13	12.745	13.801
Result on portfolio	8-9-10	2.308	7.927
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		249	-1.240
Attributable to:			
Equity holders of the parent company		15.302	20.494
Minority interests		0	-6

RESULT PER SHARE	Note	2015	2014
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	3,01	4,03
Diluted net result (€)	13	3,01	4,03
Operating distributable result (€)	13	2,51	2,72

Consolidated statement of comprehensive income

in thousands €	2015	2014
NET RESULT	15.302	20.488
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	207	297
COMPREHENSIVE INCOME	15.509	20.785
Attributable to:		
Equity holders of the parent company	15.509	20.791
Minority interests	0	-6

Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2015	31.12.2014
Non-current assets		**347.196**	357.023
Intangible assets		1	3
Investment properties	14	346.674	356.536
Other tangible assets	14	519	477
Trade receivables and other non-current assets		2	7
Current assets		**1.082**	5.391
Assets held for sale	15	0	4.156
Trade receivables	15	151	163
Tax receivables and other current assets	15	106	213
Cash and cash equivalents		272	339
Deferred charges and accrued income		553	520
TOTAL ASSETS		**348.278**	362.414

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2015	31.12.2014
Shareholders' equity		**244.495**	**242.967**
Shareholders' equity attributable to the shareholders of the parent company		**244.495**	**242.800**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		127.797	120.910
Net result of the financial year		15.302	20.494
Minority interests	22	**0**	**167**
Liabilities		**103.783**	**119.447**
Non-current liabilities		**69.775**	**91.632**
Non-current financial debts	18	65.200	86.906
Credit institutions		*65.200*	*86.900*
Financial lease		*0*	*6*
Other non-current financial liabilities	19	4.149	4.552
Other non-current liabilities		131	174
Deferred taxes - liabilities		295	0
Current liabilities		**34.008**	**27.815**
Provisions		278	205
Current financial debts	18	30.280	19.256
Credit institutions		*30.280*	*2.250*
Financial lease		*0*	*6*
Other current financial debts		*0*	*17.000*
Trade debts and other current debts	17	2.038	7.209
Other current liabilities	17	630	136
Accrued charges and deferred income	17	782	1.009
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**348.278**	**362.414**

DEBT RATIO	31.12.2015	31.12.2014
Debt ratio (max. 65 %)	28%	31%

NET VALUE PER SHARE in €	31.12.2015	31.12.2014
Net value (fair value)	48,14	47,81
Net value (investment value)	49,90	49,59
Net asset value EPRA	49,02	48,71

Statement of changes in consolidated 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 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				
Acquistion Gent Veldstraat 23-27 nv				
Dividends financial year 2013				
Balance at 31 December 2014	**97.213**	**4.183**	**132.140**	**-9.042**
Comprehensive income of 2015				
Transfer through result allocation 2014				
Transfer from result on portfolio to reserves			7.801	134
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Merger Gent Veldstraat 23-27 nv				
Dividends financial year 2014				
Balance at 31 December 2015	**97.213**	**4.183**	**139.941**	**-8.908**

* 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 SHARE-HOLDERS' EQUITY
-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
-207	-3.106	1.125	120.910	20.494	167	242.967
207			207	15.302		15.509
			7.935	-7.935		0
	-1.240		-1.240	1.240		0
		-15	-15	15		0
					-167	-167
				-13.814		-13.814
0	-4.346	1.110	127.797	15.302	0	244.495

Consolidated cash flow statement

in thousands €	Note	2015	2014
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		339	1.860
1. Cash flow from operating activities		11.617	13.038
Operating result		18.866	26.209
Interests paid		-3.512	-4.191
Other non-operating elements		-27	-1.619
Adjustment of result for non-cash flow transactions		-2.393	-6.913
• Depreciations on intangible and other tangible assets		88	86
• Result on disposals/transfer of investment properties	8	654	1.870
• Spread of rental discounts and benefits granted to tenants		25	-312
• Changes in fair value of investment properties	9	-3.356	-11.102
• Other result on portfolio	10	393	1.305
• Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	-197	1.240
Change in working capital		-1.317	-448
Movement of assets			
• Trade receivables		-14	11
• Tax receivables and other current assets		110	-122
• Accrued income and deferred charges		41	192
Movement of liabilities			
• Trade debts and other current debts		-1.695	-486
• Other current liabilities		494	-39
• Accrued income and deferred charges		-253	-4
2. Cash flow from investment activities		15.379	17.390
Acquisitions of intangible and other tangible assets	14	-135	0
Acquisitions of shares of real estate companies		-3.473	-20.885
Acquisition of investment properties	14	-11.839	0
Acquisition Ghent Veldstraat - payment exit tax		-3.742	0
Investments in existing investment properties	14	-420	-36
Prepaid investment invoices		-65	-68
Proceeds of disposals of investment properties		35.053	38.379
3. Cash flow from financing activities		-27.063	-31.949
Repayment of loans		-39.682	-35.550
Drawdown of loans		26.480	17.000
Repayment of financial lease liabilities		-5	-5
Receipts from non-current liabilities as guarantee		-42	64
Dividend paid	13	-13.814	-13.458
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		272	339

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 nv 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 profits 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 at 31 December 2015 included the company and its subsidiaries (the "Group"). The annual accounts of Vastned Retail Belgium nv have been prepared and are released for publication by the board of directors as at 14 March 2016 and will be submitted for approval to the general meeting of shareholders as at 27 April 2016.

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 2015.

New and amended standards and interpretations effective for financial year starting as at 1 January 2015

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 the company: Annual Improvements to IFRSs (2010-2012) (1/2/2015); Annual Improvements to IFRSs (2011-2013) (1/1/2015); Amendments to IAS 19 Employee Benefits – Employee Contributions (1/2/2015);

IFRIC 21 - Levies (1/7/2014) indicates under which circumstances a levy imposed by government must be booked in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This interpretation has no significant impact on the consolidated annual accounts of the Group but does affect the development of the result during the financial year due to the change in the time at which the property tax for vacant units is recognised: with the application of IFRIC 21 the real estate is recognised fully as debt and cost as at 1 January 2015 and the charging on of this property tax to the tenants and the recovery of property tax on vacant buildings from the government units is recognised by the government fully as receivable and revenue as at 1 January 2015. The net impact on the income statement therefore remains limited to the non-rechargeable / recoverable property tax that is henceforth recognised as from 1 January as a cost instead of spread out over the financial year. No other government levies apply to the company for which the application of this interpretation changes the time at and the extent to which liability is to be recognised.

New and amended standards and interpretations not yet effective in 2015

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); Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (1/1/2016); Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation* (1/1/2016); Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (1/1/2016); Annual Improvements to IFRSs (2012-2014) (1/1/2016); Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (1/1/2016); Amendments to 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* (1/1/2016); Amendments to IAS 27 *Separate Financial Statements - Equity Method* (1/1/2016); IFRS16 *Leases* (1/1/2019).

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.

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 balance sheet 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 costs

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.

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.

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 (including mutation rights)

a. Definition

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

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 nonmonetary 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. Valuation after initial recognition

After initial take up, investment properties are valued at fair value in accordance with IAS 40. The fair value is equal to the amount at which a building could be exchanged between well-informed parties, in agreement and acting in conditions of normal competition. From the point of view of the seller it must be understood subject to deduction of registration fees. The fair value is thus obtained by deducting an appropriate portion of the registration fees from the investment value.

- The investment value is the price at which the site will probably be traded between buyers and sellers who are well informed in the absence of information asymmetries and who wish to perform such a transaction, without taking into account any special agreement between them. This value is the investment value when it matches the total price to be paid by the buyer, plus any registration fees or VAT if the purchase is subject to VAT.

- Concerning the amount of the registration fees, on 8 February 2006 the Belgian Asset Managers Association (BEAMA) published a press release (see www. beama.be - publications - press release: "First application of IFRS accounting rules").

  A group of independent property experts, who carry out the periodic valuation of the buildings of RRECs, judged that for transactions relating to buildings in Belgium with an overall value of less than € 2,5 million, registration fees of 10,0% to 12,5% must be taken into account depending on the region where these properties are located. For transactions relating to buildings with an overall value of more than € 2,5 million and given the range of methods of transfer of ownership used in Belgium, these same experts - based on a representative sample of 220 transactions performed on the market between 2002 and 2005 and representing a total of € 6,0 billion - valued the weighted average of the fees at 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).

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 income statement in the section XVIII "Changes in fair value of investment properties."

After approval of the result appropriation by the general shareholders' meeting (in April of next financial year) this difference between the fair value of real estate properties and the investment value of the real estate properties is attributed to the reserve "c. Reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in shareholders equity.

d. Holding of real estate properties and valuation process

Investment properties are valued by the independent real estate experts at investment value. For this, the investment properties are valued each quarter on the basis of the present value of market rents and/or effective rental income, where appropriate after deduction of associated costs in accordance with the International Valuation Standards 2001 published by the International Valuation Standards Committee. Valuations are produced by updating the annual net rent received from the tenants, less the associated costs. The updating takes place on the basis of the yield factor, which depends on the inherent risk of the relevant property.

Profits or losses arising from the variation in the fair value of an investment property are recognised in the income statement in section XVIII. "Changes in fair value of investment properties" in the period in which they arise and when profits are distributed in the following year are allocated to the reserve "b. Reserve for the balance of changes in the fair value of real estate properties". When this allocation is made, within this reserve for the balance of the variations in the fair value of real estate properties a distinction is made between variations in the investment value of the real estate properties and the estimated transaction costs resulting from hypothetical disposal so that this last section always matches the difference between the investment value of the real estate properties and the fair value of the real estate properties.

e. Disposals of investment properties

By disposal of an investment property the realised profit and losses on the disposal are recorded in the income statement of the reporting period under the item XVI "Result on disposals of investment properties". The commission fees paid to real estate agents the sale of buildings and obligations made as a result of transactions are reduced from the obtained sales price in order the determine the realised profit or loss.

By the result allocation of the next year, these realised profits or losses are attributed to the reserve "b. Reserve for the balance of changes in fair value of real estate properties". For this attribution within this reserve between the balance of the changes in fair value of real estate properties a difference is made between the changes in the investment value of the real estate properties and the estimated transaction rights and costs resulting from the hypothetical disposal so that these latest section always corresponds with the difference between the investment value of real estate properties and the fair value of real estate properties.

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 current 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.

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.

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.

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 the income statement 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 do not qualify for hedge accounting. Derivatives are initially valued at cost price and are valued after initial recognition at fair value. Changes in fair value of every derivative are recorded 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.

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 Vastned 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 2015 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.

Significant assessments

The company transactions in 2014-2015 were not processed as a business combination as defined under IFRS 3, based on the observation that the latter does not apply due to the nature and the scale of the companies over which control was gained. They are companies that own a limited number of buildings and it is not the intention to maintain them as an autonomous business. These companies will be completely consolidated.

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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 premium city high street shops, high street shops and non-high street 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 three business segments comprise premium city high street shops, high street shops and non-high street shops.

- The category of "premium city high street shops" includes the prime retail properties that are located in the most popular shopping streets in the major cities Antwerp, Brussels, Ghent and Bruges.
- The category "high street shops" includes the inner-city shops outside premium cities
- The category of "non-high street shops" relates to single buildings or retail parks along the major traffic axes and mostly an important sales area (from 400 m²) and high-quality retail warehouses. 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	Premium city high street shops		High street shops		Non-high street shops		Corporate		TOTAL	
in thousands €	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	8.423	7.665	3.607	4.277	7.587	10.069			19.617	22.011
Rental-related expenses	-15	21	-27	-22	-143	-80			-185	-81
NET RENTAL RESULT	**8.408**	7.686	**3.580**	4.255	**7.444**	9.989			**19.432**	21.930
Rental-related costs and income	-4	-1	-1	0	45	44			40	43
PROPERTY RESULT	8.404	7.685	3.579	4.255	7.489	10.033			19.472	21.973
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**7.622**	6.737	**3.077**	3.318	**6.772**	9.287	**-914**	-1.060	**16.557**	18.282
Result on disposals of investment properties	0	-101	-131	-2.875	-523	1.106			-654	-1.870
Changes in fair value of investment properties	5.902	10.427	-2.518	-1.689	-28	2.364			3.356	11.102
Other result on portfolio	-376	-1.318	110	-8	-127	21			-393	-1.305
OPERATING RESULT OF THE SEGMENT	**13.148**	15.745	**538**	-1.254	**6.094**	12.778	**-914**	-1.060	**18.866**	26.209
Financial result							-3.344	-5.431	-3.344	-5.431
Taxes							-220	-290	-220	-290
NET RESULT	**13.148**	15.745	**538**	-1.254	**6.094**	12.778	**-4.478**	-6.781	**15.302**	20.488

Key figures by segment

BUSINESS SEGMENT	Premium city high street shops		High street shops		Non-high street shops		TOTAL	
in thousands €	2015	2014	2015	2014	2015	2014	2015	2014
Fair value of real estate properties	199.392	175.744	59.580	66.287	87.702	114.505	346.674	356.536
• of which investments during the financial year (fair value)	278	0	62	0	80	36	420	36
• of which acquisition of shares of real estate companies	5.628	26.605	0	0	0	0	5.628	26.605
• of which purchases/acquisitions of investment properties	11.839	0	0	0	0	0	11.839	0
Divestments during the financial year (fair value)	0	-847	-4.250	-10.720	-26.855	-31.318	-31.105	-42.885
Investment value of real estate properties	204.377	180.138	61.069	67.944	89.894	117.368	355.341	365.450
Accounting yield of the segment (%)	4,2%	4,4%	6,1%	6,5%	8,7%	8,8%	5,7%	6,2%
Total leasable space (m²)	22.740	20.966	11.508	13.275	55.972	77.353	90.220	111.594
Occupancy rate (exclusive properties in renovation) (%)	100%	100%	98%	94%	96%	98%	98%	98%

By geographical region

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

GEOGRAPHICAL SEGMENT	Flanders		Walloon region		Brussels		TOTAL	
in thousands €	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	13.594	15.004	2.944	3.984	3.079	3.023	19.617	22.011
Fair value of real estate properties	250.376	256.403	37.730	45.199	58.868	54.934	346.674	356.536
Investment value of real estate properties	256.635	262.813	38.674	46.330	60.032	56.307	355.341	365.450
Accounting yield of the segment (%)	5,4%	5,9%	7,8%	8,8%	5,2%	5,5%	5,7%	6,2%
Investments during the financial year (fair value)	360	-49	60	85	0	0	420	36
Divestments during the financial year (fair value)	-25.948	-31.362	-5.157	-11.523	0	0	-31.105	-42.885

Note 4. Property result

Rental income

in thousands €	2015	2014
Rents	20.083	22.642
Rental discounts	-481	-660
Compensation for early termination of lease agreements	15	29
Total rental income	**19.617**	22.011

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 rental discounts and rental benefitsgranted. The rental discounts 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 108 different tenants, limiting the debtor's risk and improving stability of rental income. The ten most important tenants represented 54% (53% in 2014) of rental income and are always prominent companies in their sector and part of international groups. The most important tenant represented 20% of rental income (19% in 2014). In 2015, there were 2 tenants whose lease payments on an individual basis represented more than 5% of total rental income of Vastned Retail Belgium (3 tenants in 2014).

As at 31 December 2015, the share of the buildings let to H&M (Hennes & Mauritz) amounted to 21,5% of the consolidated assets of Vastned Retail Belgium. The FSMA granted Vastned Retail Belgium a derogation from the limitation to 20% in accordance with article 30 §3 and §4 of the RREC Act. This article prohibits RRECs from investing more than 20% of their assets in one single property entity.

In the light of this granted derogation, the debt ratio may not amount to more than 33%, in accordance with the provisions of article 30 §4 of the RREC Act. The debt ratio of Vastned Retail Belgium amounted to 28% as at 31 December 2015. The aforementioned derogation was obtained for 2 years, until October 2017.

Overview of future minimum rental income

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

in thousands €	2015	2014
Receivables with a remaining duration of:		
Less than one year	17.487	19.922
Between one and five years	21.205	20.110
More than five years	207	128
Total of future minimum rental income	**38.899**	40.160

The decrease of the future minimum rental income as at 31 December 2015 by € 1,3 million was mainly due to the divestment of 14 non-strategic buildings in 2015, partially compensated by the acquisition of four premium city high street shops in 2015.

Rental-related expenses

in thousands €	2015	2014
Rent for leased assets and long-lease rights	-109	-110
Write-downs on trade receivables	-179	-70
Reversal of write-downs on trade receivables	103	99
Total rental-related expenses	**-185**	-81

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 €	2015	2014
Rebilling of rental charges borne by the landlord	72	33
Rebilling of advance levies and taxes on let properties	1.390	1.473
Recovery of rental charges and taxes normally payable by tenants on let properties	**1.462**	1.506
Rental charges borne by the landlord	-72	-33
Advance levies and taxes on let properties	-1.390	-1.473
Rental charges and taxes normally payable by tenants on let properties	**-1.462**	-1.506
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 €	2015	2014
Recurrent technical costs	**-100**	-112
Insurance premiums	-100	-112
Non-recurrent technical costs	**-332**	-470
Maintenance	-336	-464
Claims	4	-6
Total technical costs	**-432**	-582

Technical costs comprised, 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 decreased in 2015 compared to 2014, mainly due to the divestments that took place in 2014 and 2015.

Commercial costs

in thousands €	2015	2014
Brokers' fees	-66	-147
Publicity	0	-51
Lawyers' fees and legal costs	-90	-121
Total commercial costs	**-156**	-319

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 re-letting, 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 €	2015	2014
Vacancy charges of the financial year	-45	-169
Vacancy charges of preceding financial years	31	12
Property tax on vacant properties	-71	-97
Recuperation of property tax on vacant properties	37	35
Total charges and taxes on unlet properties	**-48**	**-219**

The decrease of charges and taxes on unlet properties resulted in 2015 mainly from the sale of Julianus Shopping in Tongeren at the end of 2014.

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

Property management costs

in thousands €	2015	2014
External property management fees	-22	-4
Internal property management fees	-1.248	-1.219
Property experts	-131	-152
Remuneration of employees	-806	-726
Other costs	-311	-341
Total property management costs	**-1.270**	**-1.223**

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 €	2015	2014
Property tax contractually borne by the landlord	-11	-34
Costs contractually borne by the landlord	-4	-104
Other costs/income	77	13
Total other property charges	**-62**	**-125**

The decrease of the other property charges was mainly due to the divestment of Julianus Shopping in Tongeren at the end of 2014.

Note 6. General costs

in thousands €	2015	2014
UCI tax	-225	-218
Auditor's fee	-83	-80
Directors' remunerations	-38	-31
Liquidity provider	-14	-14
Financial services	-9	-10
Employee benefits	-493	-441
Advice costs	-17	-108
Other costs	-266	-346
Total general costs	**-1.145**	**-1.248**

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.

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Note 7. Employee benefits

in thousands €	2015			2014		
	Charges for the patrimony management	Charges linked to the management of the company	TOTAL	Charges for the patrimony management	Charges linked to the management of the company	TOTAL
Remunerations of employees	**539**	**321**	**860**	457	266	723
Salary and other benefits paid within 12 months	262	167	429	281	155	436
Pensions and post-employment benefits	11	9	20	13	8	21
Social security	78	65	143	79	49	128
Variable remunerations	16	14	30	39	25	64
Other charges	172	66	238	45	29	74
Remuneration of the management committee	**267**	**172**	**439**	269	175	444
Chairman of the management committee	59	59	118	69	68	137
Fixed remuneration	*49*	*49*	*98*	*61*	*61*	*122*
Variable remuneration	*10*	*10*	*20*	*8*	*7*	*15*
Other members of the management committee	208	113	321	200	107	307
Fixed remuneration	*188*	*81*	*269*	*186*	*80*	*266*
Variable remuneration	*20*	*20*	*40*	*14*	*15*	*29*
Retirement obligations	*0*	*12*	*12*	*0*	*12*	*12*
Total employee benefits	**806**	**493**	**1.299**	726	441	1.167

The number of employees at year-end 2015, expressed in FTE was 3 staff members and 2 members of the management committee for the internal management of the patrimony (respectively 4 and 2 in 2014) and 4 staff members and 1 member of the management for the management of the company (respectively 4 and 1 in 2014). 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 remunerations after termination of employment include pensions, contributions for group insurance policies, life and disability insurance policies and hospitalisation insurance policies.

Vastned Retail Belgium has taken out a group insurance contract of the "agreed contribution" type at an external insurance company for its employees with a permanent contract. Due to the legislation that was amended at the end of December 2015 (as at 18 December 2015, the Act to ensure sustainability and the social nature of the additional pensions and to strengthen its supplementary nature in relation to the retirement pensions was approved), the employer must guarantee a minimum return and therefore this contract must be classed as a "defined benefit" plan. The company contributes to this fund, which is independent from the company. Contributions for the insurance policy are financed by the company. This group insurance contract complies with the Vandenbroucke Act on pensions. The contribution obligations are included in the profit and loss statement in the period to which they pertain. For financial year 2015, these amounts were € 32.000 (€ 32.000 in 2014). As at 31 December 2015, the insurance company confirmed that the deficit to guarantee the minimum return is not of material nature.

Note 8. Result on disposals of investment properties

in thousands €	2015	2014
Acquisition value	21.444	43.176
Accumulated capital gains and extra-ordinary impairment losses	9.661	-291
Carrying amount (fair value)	**31.105**	**42.885**
Sales price	31.118	42.581
Selling costs	-667	-1.566
Net result of sale	**30.451**	**41.015**
Total result on disposals of investment properties	**-654**	**-1.870**

In 2015, Vastned Retail Belgium divested 14 non-strategic retail properties in secondary locations with a total fair value of € 31 million, approximately 9% of its total real estate portfolio.

The properties involved are high street shops and non-high street shops in secondary locations, namely Bruges, Dilsen, Vilvoorde, Borgloon, Froyennes, Heusden-Zolder, La Louvière, Mortsel, Overpelt, Sint-Niklaas, Tienen, Grivegnée and Hasselt. The properties sold represent a total retail surface area of approximately 23.034 m².

The net sales price was approximately 2% below the carrying amount as at 31 December 2014 (fair value as determined by the company's independent property expert). The buildings constituted 9% of the total fair value of the company's real estate portfolio and represented approximately € 2,3 million in rental income, or 11% of the total annual rental income of Vastned Retail Belgium.

Note 9. Changes in fair value of investment properties

in thousands €	2015	2014
Positive changes of investment properties	8.817	15.855
Negative changes of investment properties	-5.461	-4.753
Total changes in fair value of investment properties	**3.356**	**11.102**

In 2015, the fair value of the existing real estate portfolio increased by 1% compared to end of 2014. The changes in the fair value of investment properties were also positive in 2015 and amounted to € 3,4 million compared to 11,1 million in 2014. The increase in fair value in 2015 was mainly due to the premium city high street shops, which increased in value by 4% in 2015.

Note 10. Other result on portfolio

in thousands €	2015	2014
Changes in spread of rental discounts and benefits granted to tenants	53	-207
Result on portfolio as a result of merger operations and assimilated operations	-446	-1.098
Total other result on portfolio	**-393**	-1.305

The other portfolio result amounted to € -0,4 million and included the immediate profit taken from the difference in price of € -0,4 million for the acquisition of the shares of the company Tim & Ilse nv (owner of the premium city high street shop at Graanmarkt 13 in Antwerp) as at 31 July 2015. IFRS 3 does not apply to this acquisition.

Note 11. Financial result

in thousands €	2015	2014
Financial income	5	6
Net interest charges with fixed interest rate	-3.099	-3.652
Net interest charges with variable interest rate	-437	-535
Other financial costs	-10	-10
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	197	-1.240
Total financial result	**-3.344**	-5.431

The financial result (excl. changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounted to € -3,5 million for the 2015 financial year (€ -4,2 million), constituting a € 0,7 million decrease compared to 2014, primarily due to the combination of:

- the decreased use of credit as a result of the divestment of 19 non-strategic retail properties at the end of 2014
- the investment in premium city high street shops in Ghent and Antwerp
- the one-off termination fee of € 0,3 million to convert a fixed interest rate loan to a variable interest rate loan, which will result in lower interest costs in the future.

The average interest rate of the credit facilities of the company for the 2015 financial year decreased to 3,1% including bank margins (3,2% in 2014). The average interest rate, excluding the early termination fee for the refinancing, was 2,8% in 2015.

Net interest charges classified by credit line expiry date

in thousands €	2015	2014
Net interest charges on non-current financial debts	-2.540	-3.009
Net interest charges on current financial debts	-996	-1.178
Total net interest charges	**-3.536**	**-4.187**

The average interest rate of the financial debts amounted for 2015 to 3,1% including bank margins (3,2% for 2014).

The average interest rate for 2015 of the non-current financial debts amounted to 3% including bank margins (3,1% in 2014), and of the current financial debts to 3,1% including bank margins (3,3% in 2014).

For 2016 the (hypothetical) future cash outflow of the interest charges from the loans drawn as at 31 December 2015 at the fixed or variable interest rate as at 31 December 2015 amounted to approximately € 2,5 million (€ 3,0 million in 2014).

For financial year 2015, the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1% gave a negative result of approximately € 0,3 million (€ 0,4 million in 2014). The financial derivatives were 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 €	2015	2014
Corporate income tax	-220	-290
Total taxes	**-220**	**-290**

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

in thousands €	2015	2014
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 the 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 €	2015	2014
Net result according to statutory annual accounts	**15.302**	**20.494**
Adjustment for non-cash flow transactions included in the net result:		
• Write-downs	71	69
• Depreciations	197	88
• Reversal of depreciations	-103	-99
• Other non-monetary elements	257	2.414
• Result on disposals of real estate properties	547	1.932
• Changes in fair value of real estate properties	-3.441	-11.250
Corrected result for mandatory distribution	**12.830**	**13.648**
Mandatory distribution: 80%	**10.264**	**10.918**
Operating distributable result (statutory annual accounts)	12.666	13.590
Operating distributable result (consolidated annual accounts)	12.745	13.801

Other non-monetary elements in 2015 included the unconsolidated other portfolio result, the changes in fair value of financial fixed assets and liabilities (ineffective hedges - IAS 39) and the changes in the fair value of the financial assets, excluding the operating distributable result of Veldstraat 23-27 for the period of 1 January up to merger date, which is also considered unconsolidated distributable for financial year 2015 due to the merger with Vastned Retail Belgium.

The profit that may be paid out as dividend, based on the statutory annual accounts of Vastned Retail Belgium nv amounted to € 12,7 million in 2015, compared to € 13,6 million in 2014. The difference with the operating distributable result according to the consolidated annual accounts concerns the operating distributable result of the subsidiary Tim & Ilse nv.

The corrected result is not to be modified any further for any possible non-exempt added value on sales of investment properties or debt reductions. As a result, the corrected result equals the amount that is eligible for the mandatory payment of 80% according to article 45, 2° of the RREC Act.

Vastned Retail Belgium chooses to pay out 100% of the consolidated operating distributable result to its shareholders for the financial year of 2015, and thus does an additional payment from the reserves of the company amounting to the difference between the unconsolidated and the consolidated operating distributable result. This equals 101% of the statutory operating distributable result.

Calculation of result per share

in € per share	2015	2014
Ordinary net result	3,01	4,03
Diluted net result	3,01	4,03
Operating distributable result per share (statutory annual accounts)	2,49	2,68
Operating distributable result of the subsidiaries Tim & Ilse nv and EuroInvest Retail Properties nv	0,02	0,04
Operating distributable result per share (consolidated annual accounts)	2,51	2,72

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 as at 27 April 2016.

In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2015	2014
Dividend per share (in €)	2,51	2,72
Remuneration of share capital (in thousands €)	12.747	13.814
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 nv.

in thousands €	2015	2014
Non-distributable elements of shareholders' equity for distribution		
Paid-up capital	97.213	97.213
Unavailable share premiums, according to the articles of association	4.183	4.183
Reserve for the positive balance of changes in investment value of real estate properties	139.671	131.743
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.884	-8.970
Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting	0	-206
Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting	-4.346	-3.106
Other reserves	475	625
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	2.872	9.111
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and non-current financial assets	-236	-2.207
Total non-distributable shareholders' equity	**230.948**	228.386
Statutory shareholders' equity	**244.495**	242.800
Planned dividend distribution	12.747	13.814
Number of shares	5.078.525	5.078.525
Gross dividend distribution (in €)	2,51	2,72
Shareholders' equity after dividend distribution	**231.748**	228.986
Remaining reserves after distribution	**800**	600

Note 14. Non-current assets

Investment properties

Investment and revaluation table

in thousands €	2015				2014			
	Premium city high street shops	High street shops	Non-high street shops	TOTAL	Premium city high street shops	High street shops	Non-high street shops	TOTAL
Balance sheet as at 1 January	175.744	66.287	114.505	**356.536**	139.559	78.696	143.423	**361.678**
Investments in existing investment properties	278	62	80	**420**	0	0	36	**36**
Acquisition of shares of real estate companies	5.628	0	0	**5.628**	26.605	0	0	**26.605**
Acquisitions/purchases of investment properties	11.839	0	0	**11.839**	0	0	0	**0**
Disposals of investment properties	0	-4.250	-26.855	**-31.105**	-847	-10.720	-31.318	**-42.885**
Changes in fair value of investment properties	5.903	-2.519	-28	**3.356**	10.427	-1.689	2.364	**11.102**
Balance sheet as at 31 December	**199.392**	**59.580**	**87.702**	**346.674**	**175.744**	**66.287**	**114.505**	**356.536**
OTHER INFORMATION								
Investment value of real estate properties	204.377	61.069	89.895	**355.341**	180.138	67.944	117.368	**365.450**

As at 31 December 2015, the fair value of the **investment properties** of Vastned Retail Belgium amounted to € 347 million (€ 357 million in 2014). This decrease of € 10 million in 2015 compared to 31 December 2014 was mainly the combined effect of:

- the divestment of 14 non-strategic retail properties and inner-city shops in secondary locations with a total fair value of € 31 million as at 31 December 2014, or approximately 9% of the overall real estate portfolio
- the acquisition of four premium city high street shops in Antwerp with a total fair value of approximately € 18 million
- a € 3 million increase in the fair value of the existing real estate portfolio, primarily from premium city high street shops as a result of stronger yields and new leases.

In 2015, Vastned Retail Belgium acquired 100% of the shares of the company Tim & Ilse nv for a purchase price of € 5,7 million. The retail property represents a fair value of € 5,6 million and generates an annual rental income of approximately € 0,3 million. Furthermore following this acquisition the deferred tax of € 0,3 million was recorded. IFRS 3 is not applicable on this acquisition.

As at 31 December 2015, the real estate properties were valued at € 355 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 2015, there were no investment properties mortgaged as security for loans taken out or for credit facilities at financial institutions.

IFRS 13

IFRS 13 applies to financial years beginning on or after 1 January 2013 and 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 at 31 December 2015 amounted to 5,7% (5,9% as at 31 December 2014).

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 major assumptions related to the valuation of investment properties are *(excluding properties in renovation)*

	31.12.2015	31.12.2014
Average gross market rent per m² (in €)	**217**	**187**
• Premium city high street shops	426	411
• High street shops	325	314
• Non-high street shops	110	105
Average gross yield (in %)	**5,7%**	**5,9%**
• Premium city high street shops	4,9%	4,9%
• High street shops	6,3%	6,3%
• Non-high street shops	7,0%	7,1%
Average net yield (in %)	**5,1%**	**5,2%**
• Premium city high street shops	4,5%	4,3%
• High street shops	5,9%	5,0%
• Non-high street shops	5,7%	6,6%
Vacancy rate (in %)	**2%**	**2%**

In the case of a hypothetical negative adjustment of 1% (from 5,7% to 6,7% 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 € 52 million or 15%. This would raise the debt ratio of the company by 5% to around 33%. If this is reversed, and a hypothetical positive adjustment of 1% (from 5,7% to 4,7% on average) is made to this yield, the fair value of the real estate would increase by € 75 million or 21%. This would lower the debt ratio of the company by 5% to around 23%.

In the case of a hypothetical decrease in the current rents of the company (assuming a constant yield) of € 1 million (from € 19,6 million to € 18,6 million), the fair value of the real estate would decrease by € 18 million or 5%. This would raise the debt ratio of the company by 2% to around 30%. In the reverse case of a hypothetical increase of the current rents of the company (assuming a constant yield) of € 1 million (from € 19,6 million to € 20,6 million), the fair value of the real estate would increase by € 18 million or 5%. This would lower the debt ratio of the company by 1% to around 27%.

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 €	2015	2014
Amount at the end of the preceding financial year	**477**	560
Acquisitions	135	0
Retirement	-7	0
Depreciations	-86	-83
Amount at the end of the financial year	**519**	477

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 is 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 €	2015	2014
Hoboken Zeelandstraat	0	1.912
Antwerp Abdijstraat	0	470
Other	0	1.774
Total assets held for sale	**0**	**4.156**

Trade receivables

in thousands €	2015	2014
Outstanding trade receivable	146	157
Invoices to be issued and credit notes to be received	5	6
Doubtful debtors	327	162
Provision doubtful debtors	-327	-162
Total trade receivables	**151**	**163**

Thanks to a strict credit control the number of days of outstanding customers' credit was only 3 days.

▾ Tielt-Winge, (Gouden Kruispunt) Aarschotsesteenweg 1-6

Aging analysis of trade receivables

in thousands €	2015	2014
Receivables < 30 days	98	71
Receivables 30-90 days	11	48
Receivables > 90 days	37	38
Total outstanding trade receivables	**146**	157

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 €	2015	2014
Taxes receivables	106	106
Other receivables	0	107
Total tax receivables and other current assets	**106**	213

▼ Ghent, Veldstraat 23-27

Note 16. Shareholders' equity

Evolution of share capital

Date	Transaction	Share capital movement	Total outstanding share capital after transaction	Number of shares issued	Total number of shares
		in 000 €	in 000 €	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 2015, the share capital amounted to € 97.213.233,32 and was 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 Appendices 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 authorised 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 as at 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 2015, 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 €		2015	2014
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 €	2015	2014
Amount at the end of the preceding financial year	-9.042	-8.980
Changes in investment value of investment properties of the preceding financial year	-279	71
Impact on purchases/acquisitions of investments properties of the preceding financial year	-660	-292
Impact on disposals of investments properties of the preceding financial year	1.073	159
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-8.908**	-9.042

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 2015, please see the statement of changes in equity.

Note 17. Current liabilities

Trade debts and other current debts

in thousands €	2015	2014
Trade debts	789	946
Advances received from tenants	284	391
Invoices to be received	649	992
Other current debts	316	4.880
Total trade debts and other current debts	**2.038**	7.209

The total trade debt and other short-term debts decreased by € 5 million.

In 2014, the other short-term debts included the deferred taxes for the company Veldstraat 23-27 for € 3,7 million and the VAT review due to the divestment of Julianus Shopping Center in Tongeren for € 0,6 million.

Other current liabilities

in thousands €	2015	2014
Dividends payable	24	25
Guarantees received after bankruptcies	57	57
Other current liabilities	549	54
Total other current liabilities	**630**	136

Accrued charges and deferred income

in thousands €	2015	2014
Accrued interest charges	399	391
Accrued vacancy costs	20	207
Other accrued charges and deferred income	363	411
Total accrued charges and deferred income	**782**	1.009

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 €	2015				2014		
	Debts with a remaining duration of				Debts with a remaining duration of		
	< 1 year	> 1 year and < 5 years	> 5 years	TOTAL	< 1 year	> 1 year and < 5 years	TOTAL
Credit institutions (credits withdrawn)	30.280	55.200	10.000	**95.480**	19.250	86.900	**106.150**
Financial lease	0	0	0	**0**	6	6	**12**
TOTAL	30.280	55.200	10.000	95.480	19.256	86.906	106.162
Percentage	**32%**	**58%**	**10%**	**100%**	18%	82%	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 were made and no mortgage authorisations were permitted as at 31 December 2015.

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 were respected as at 31 December 2015. 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 €	2015				2014		
	Debts with a remaining duration of				Debts with a remaining duration of		
	< 1 year	> 1 year and < 5 years	> 5 years	TOTAL	< 1 year	> 1 year and < 5 years	TOTAL
Credit institutions (credits withdrawn)	30.280	55.200	10.000	**95.480**	19.250	86.900	**106.150**
Not-withdrawn credit lines	27.115	14.800	0	**41.915**	23.145	8.100	**31.245**
TOTAL	57.395	70.000	10.000	137.395	42.395	95.000	137.395
Percentage	**42%**	**51%**	**7%**	**100%**	31%	69%	100%

"Classification by expiry date of credit lines" comprised an amount of € 42 million of not-withdrawn credit lines (€ 31 million as at 31 December 2014). These did not form at closing date an effective debt but were 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 €	2015					2014			
	Debts with a remaining duration of					Debts with a remaining duration of			
	< 1 year	> 1 year and < 5 years	> 5 years	TOTAL	Percentage	< 1 year	> 1 year and < 5 years	TOTAL	Percentage
Variable	5.280	200	0	**5.480**	**6%**	4.250	21.900	**26.150**	**25%**
Fixed	25.000	55.000	10.000	**90.000**	**94%**	15.000	65.000	**80.000**	**75%**
TOTAL	30.280	55.200	10.000	95.480	100%	19.250	86.900	106.150	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			2015		2014	
in thousands €	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	0	0
Trade receivables and other non-current assets	A	2	2	2	7	7
Current assets						
Trade receivables	A	2	151	151	163	163
Tax receivables and other current assets	A	2	106	106	213	213
Cash and cash equivalents	B	2	272	272	339	339
FINANCIAL INSTRUMENTS ON LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	65.200	65.200	86.906	87.272
Other non-current financial liabilities	C	2	4.149	4.149	4.552	4.552
Other non-current liabilities	A	2	131	131	174	174
Current liabilities						
Current financial debts (interest-bearing)	A	2	30.280	30.280	19.256	19.256
Other current financial liabilities	C	2	0	0	0	0
Trade debts and other current debts	A	2	2.038	2.038	7.209	7.209
Other current liabilities	A	2	630	630	136	136

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 market
- 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.

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). The interest rate swaps are not classified as a cash flow hedge.

▲ Antwerp, Huidevettersstraat 12

Fair value of financial derivatives

As at 31 December 2015, the company had following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	31.12.2015	31.12.2014
1	IRS	15/12/13	15/12/17	0,79%	€ 10.000	No	-187	-206
2	IRS	15/4/13	15/4/18	2,29%	€ 10.000	No	-562	-726
3	IRS	6/10/13	6/10/18	2,60%	€ 15.000	No	-1.136	-1.412
4	IRS	6/10/13	6/10/18	2,50%	€ 10.000	No	-728	-902
5	IRS	15/12/13	15/12/18	2,50%	€ 10.000	No	-773	-937
6	IRS	1/10/14	1/10/19	0,72%	€ 15.000	No	-392	-369
7	IRS	18/6/15	18/6/20	0,4850%	€ 5.000	No	-82	0
8	IRS	26/6/15	26/6/20	0,4900%	€ 5.000	No	-82	0
9	IRS	18/6/15	18/6/21	0,6425%	€ 10.000	No	-207	0
Other current financial assets							**-4.149**	**-4.552**
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							0	-206
• In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting							-4.346	-3.106
• In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							197	-1.240
Total fair value financial derivatives							**-4.149**	**-4.552**

Vastned Retail Belgium did not classify any interest rate swaps whatsoever as cash flow hedge any longer as at 31 December 2015. The value fluctuations of all existing interest rate swaps were directly included 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 2015 was 3,2 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 facility 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 2015, the company still had € 42 million in not-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 as 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 company 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 2015, the interest rates on the credit facilities of the company remained 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 2015, the debt ratio amounted to 28%.

in thousands €	Note	2015	2014
Non-current financial debts	18	65.200	86.906
Other non-current liabilities		131	173
Current financial debts	18	30.280	19.256
Trade debts and other current debts	17	2.038	7.209
Other current liabilities	17	630	136
Total liabilities for calculation of debt ratio		**98.279**	113.680
Total assets for calculation of debt ratio		**348.278**	362.414
Debt ratio		**28%**	31%

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 €	2015	2014
Vastned Retail nv credit facility	0	17.000
Vastned Retail nv interest charges to pay	0	26
TOTAL	0	17.026

As part of the acquisition of 99% of the shares of the company Veldstraat 23-27 nv, owner of the premium city 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.

As at 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.

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 €	2015	2014
Directors	75	62
Members of the management committee	439	444
Total	**514**	**506**

Note 22. List of consolidated companies

Company name	Address	Enterprise identification number	Capital share (in %)	Minority interests In thousands €	
				2015	2014
Veldstraat 23-27 nv	Uitbreidingstraat 66, 2600 Berchem	BE 0448 976 277	100%	0	167
Tim & Ilse nv	Uitbreidingstraat 66, 2600 Berchem	BE 0887 627 402	100%	0	0
EuroInvest Retail Properties nv	Uitbreidingstraat 66, 2600 Berchem	BE 0479 506 731	100%	0	0
Total minority interests				**0**	167

As at 15 September 2015, the company Veldstraat 23-27 nv merged with Vastned Retail Belgium. The shares of the company Tim & Ilse nv were obtained through purchase of Graanmarkt 13 as at 31 July 2015.

Note 23. Merger and transactions considered equal to merger

Name of company acquired	Enterprise number	Type	Date	Percentage of shares acquired	Number of new shares	Fair value of shares issued
Veldstraat 23-27 nv	BE 0448 976 277	Transaction considered equal to merger by take-over or silent merger pursuant to articles 676 and 719 of the Belgian Companies Code	15/09/2015	100%	0	0

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

in thousands €	2015	2014
Excl VAT		
Fee statutory auditor	69	67
Fee for exceptional activities or special assignments within the company by the statutory auditor regarding		
• Other control assignments	0	2
• Tax advice assignments	11	0
• Other assignments apart from audit assignments	16	16
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	**96**	85

Note 25. Conditional obligations

As at 31 December 2015 Vastned Retail Belgium had a potential conditional sheet obligation regarding stability problems in its inner-city shop in Mechelen. 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. Presently the responsibility of Vastned Retail Belgium has not been determined and the amount of the suffered damages is not yet known. As at 31 October 2015, the legal expert presented his final report to the concerned parties. From this report can currently be concluded that Vastned Retail Belgium is not responsible for the stability problems.

Furthermore, as at 31 December 2015 Vastned Retail Belgium had conditional sheet obligations regarding financing. No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial institutions do however demand that the company 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 2015.

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 2015

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 2015, 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 348.278 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 15.302 (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 ofVastned 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 2015, 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, 14 March 2016

The statutory auditor,

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kathleen De Brabander

Statutory annual accounts Vastned Retail Belgium nv

The statutory annual accounts of Vastned Retail Belgium nv 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 nv, 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 nv.

Income statement

in thousands €	2015	2014
Rental income	18.516	21.214
Rental-related expenses	-145	-41
NET RENTAL INCOME	**18.371**	21.173
Recovery of rental charges and taxes normally payable by tenants on let properties	1.406	1.454
Charges and taxes normally payable by tenants on let properties	-1.406	-1.454
Other rental-related income and expenses	44	43
PROPERTY RESULT	**18.415**	21.216
Technical costs	-428	-582
Commercial costs	-155	-319
Charges and taxes on unlet properties	-48	-219
Property management costs	-1.190	-1.165
Other property charges	64	-125
Property charges	**-1.757**	-2.410
OPERATING PROPERTY RESULT	**16.658**	18.806
General costs	-1.112	-1.224
Other operating income and costs	74	25
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**15.620**	17.607
Result on disposals of investment properties	-547	-1.932
Changes in fair value of investment properties	3.441	11.250
Other result on portfolio	-22	-207
OPERATING RESULT	**18.492**	26.718
Financial income	140	210
Net interest charges	-3.535	-4.187
Other financial charges	-9	-10
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	196	-1.240
Changes in fair value of non-current financial assets	53	-967
Financial result	**3.155**	-6.194
RESULT BEFORE TAXES	**15.337**	20.524
Taxes	**-35**	-30
NET RESULT	**15.302**	20.494

Income statement (continued)

in thousands €	2015	2014
NET RESULT	**15.302**	20.494
Note:		
Operating distributable result	12.666	13.590
Result on portfolio	2.872	9.111
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and non-current financial assets	-236	-2.207

RESULT PER SHARE	2015	2014
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	3,01	4,03
Diluted net result (€)	3,01	4,03
Operating distributable result (€)	2,49	2,68

Statement of comprehensive income

in thousands €	2015	2014
NET RESULT	**15.302**	20.494
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	207	297
COMPREHENSIVE INCOME	**15.509**	20.791

Appropriation of result

in thousands €	2015	2014
NET RESULT	**15.302**	20.494
Allocation to/transfer from reserves for the balance of changes in fair value[21] of investment properties		
• Financial year	-4.107	-11.327
• Value realised from real estate properties	1.325	2.967
Allocation to/transfer from the reserves of the impact on the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	281	-752
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	-196	1.240
Allocation to/transfer from other reserves	62	968
Transfer from results carried forward from previous financial years	80	224
Remuneration of capital	**12.747**	13.814

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

Balance sheet

ASSETS in thousands €	31.12.2015	31.12.2014
Non-current assets	**344.175**	350.846
Intangible assets	1	3
Investment properties	339.974	328.738
Other tangible assets	519	477
Financial non-current assets	3.679	21.625
Trade receivables and other non-current assets	2	3
Current assets	**3.611**	7.424
Assets held for sale	0	4.098
Trade receivables	151	163
Tax receivables and other current assets	2.686	2.342
Cash and cash equivalents	225	301
Deferred charges and accrued income	549	520
TOTAL ASSETS	**347.786**	358.270

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2015	31.12.2014
Shareholders' equity	**244.495**	**242.800**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	127.797	120.910
Net result of the financial year	15.302	20.494
Liabilities	**103.291**	**115.470**
Non-current liabilities	**69.480**	**91.632**
Non-current financial debts	65.200	86.906
Credit institutions	*65.200*	*86.900*
Financial lease	*0*	*6*
Other non-current financial liabilities	4.149	4.552
Other non-current liabilities	131	174
Current liabilities	**33.811**	**23.838**
Provisions	278	205
Current financial debts	30.280	19.256
Credit institutions	*30.280*	*2.250*
Financial lease	*0*	*6*
Other current financial debt	*0*	*17.000*
Other current financial liabilities	0	0
Trade debts and other current debts	1.852	3.240
Other current liabilities	630	136
Accrued charges and deferred income	771	1.001
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**347.786**	**358.270**

DEBT RATIO	31.12.2015	31.12.2014
Debt ratio (max. 65 %)	28%	31%

NET VALUE PER SHARE in €	31.12.2015	31.12.2014
Net value (fair value)	48,14	47,81
Net value (investment value)	49,90	49,59
Net asset value EPRA	49,02	48,71

Armani Jeans

Leysstraat 32

Antwerp

General information

Identification

Name

Vastned Retail Belgium nv 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 66, 2600 Berchem - Antwerp.

Enterprise identification number (RPR Antwerp)

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

▲ Vastned Retail Belgium, Antwerp, Uitbreidingstraat 66

Legal form, formation, publication

The company was founded by deed, executed before notary André van der Vorst, in Elsene, as at 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 were modified most recently in a deed executed by notary Eric De Bie as at 29 April 2015, published in the Appendices to the Belgian Official Gazette under number 2015-05-20/15071935, in which article 8 was modified by addition of the following new fourth paragraph, which reads as follows:

"Shareholders may request the conversion of registered shares into dematerialised shares and vice versa, in writing, at any time and at their own cost." If necessary, the general shareholders' meeting has decided from now on to unconditionally ratify all transfers of registered shares into dematerialised shares that took place prior to this change to article 8 of the articles of association.

As at 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")[22], 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 as at 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.

22 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 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 as at 1 January and ends as at 31 December of each year.

Inspection of documents

- The articles of association of Vastned Retail Belgium nv 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, Korte Gasthuisstraat 27

Extract from the articles of association[23]

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.

Registration certificates shall be issued to the shareholders. Any transfer inter vivos or pursuant to death, and any exchange of securities, shall be indicated in the above-mentioned register.

Shareholders may request the conversion of registered shares into dematerialised shares and vice versa, in writing, at any time and at their own cost.

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.

23 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.

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, 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-to-day 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 37, the members 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 the 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 authorised account holder, attesting the number of dematerialized 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 email 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.

Liquidity provider

Since December 2001, a liquidity contract has been concluded with Bank Degroof Petercam, 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.

Statutory auditor

As at 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 amounted to € 59.166 (excl. VAT, incl. costs) as from the financial year started as at 1 January 2015 for the survey of the statutory and consolidated annual accounts.

Property experts

The property experts designated by Vastned Retail Belgium are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Ardalan Azari.
- CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Caroline Nobels.

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.

▼ Bruges, Steenstraat 80

▲ Bruges, Steenstraat 38

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), de Fiscale Beleggingsinstellingen (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
- a 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 sell 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 27% 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 article 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, Taco de Groot, Reinier Walta and Peggy Deraedt, 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

c. the information in the annual is according to the reality and no information has been omitted whereby the statement could modify the purpose of the annual report.

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 ratio of all obligations (excluding provisions, deferred charges and accrued income and deferred taxes obligations) excluding the negative variations in the fair value of the hedging instruments in relation to the total of the assets. The calculation method of the debt ratio is in accordance with Article 13 §1 second paragraph of the Royal Decree of 13 July 2014. In this Royal Decree, the maximum debt ratio for the regulated real estate companies is set at 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 dividend equals the gross dividend after deduction of 27% withholding tax. The withholding tax on dividends of public regulated real estate companies was increased from 25% to 27% (subject to certain exemptions) with effect from 1 January 2016, pursuant to the Act of 26 December 2015 laying down measures for the reinforcement of job creation and purchasing power, published in the Belgian Official Gazette of 30 December 2015.

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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