

Press release

Interim statement by the board of directors of the first quarter of 2014

Regulated information - embargo till 06/05/2014, 8:00



Antwerp, 6 May 2014

Increase of operating distributable result of 1,4 %¹

Stable fair value of the real estate portfolio²

Low debt ratio: 33 %

1. Operational activities of the first quarter of 2014

On 31 March 2014 the fair value of the real estate portfolio of Vastned Retail Belgium amounts to € 359 million and has decreased by € 3 million compared to the end of 2013 (€ 362 million on 31 December 2013) through the sale of two retail warehouses located in Hasselt.

In the first quarter of 2014 Vastned Retail Belgium has sold two non-strategic retail warehouses located Genkersteenweg 215/219 in Hasselt for an amount of € 2,9 million to a private investor. The total commercial surface area of 1.745 m² is let to Baby 2000 and Décor Heytens. The sales price is approximately 10 % above the carrying amount on 31 December 2013 which amounted to € 2,6 million (fair value as determined by the independent property expert of the property investment fund). The transaction is subject to registration rights. The building only represents 1 % of the total fair value of the real estate portfolio of the property investment fund.

The occupancy rate³ of the real estate portfolio reaches 95,3 % on 31 March 2014 and remains almost unchanged compared to 95,4 % on 31 December 2013. The occupancy rate of the real estate portfolio, except premises in renovation, amounts to 95,8 % on 31 March 2014 (96,0 % on 31 December 2013).

In the first quarter of 2014 the property investment fund has concluded a lease agreement for the opening of a Cassis Paprika store of 400 m² on the retail park in Philippeville. Cassis Paprika is an attractive Belgian fashion retailer who is also present in France, Luxembourg and the Netherlands. Cassis is a brand of ready-to-wear clothing for active women in their thirties. The brand Paprika completes the offer with a plus-size collection for women.

¹ Compared to the operating result of the first quarter of 2013.

² Based on an unchanged composition of the real estate portfolio compared to 31 December 2013.

³ 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.

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2. Financial results of the first quarter of 2014

Consolidated income statement

in thousands €	31.3.2014	31.3.2013
Rental income	5.461	5.466
Rental-related expenses	-31	-39
Property management costs and income	4	3
Property result	5.434	5.430
Property charges	-719	-566
General costs and other operating costs and income	-269	-260
Operating result before result on portfolio	4.446	4.604
Result on disposals of investment properties	270	-35
Changes in fair value of investment properties	325	888
Other portfolio result	-51	-3
Operating result	4.990	5.454
Financial result (excl. changes in fair value - IAS 39)	-1.040	-1.248
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-453	528
Financial result	-1.493	-720
Taxes	-8	-9
Net result	3.489	4.725
Note:		
Operating distributable result	3.378	3.333
Result on portfolio	544	850
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-433	542

Data per share	31.3.2014	31.3.2013
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	0,69	0,93
Operating distributable result (€)	0,67	0,66

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Analysis of results⁴

Rental income of Vastned Retail Belgium remains stable in the first quarter of 2014 at € 5,5 million (€ 5,5 million). This is due mainly to, on the one hand, the acquisition of a premium high street shop in the centre of Bruges in the third quarter of 2013, as well as indexations and rental renewals of lease contracts, compensated, on the other hand, by the sale of approximately 2 % of the real estate portfolio in 2013 (a retail park and four commercial buildings).

Property charges have slightly increased through higher commercial costs (brokers' fee for lettings) and amount to € 0,7 million for the first quarter of 2014 (€ 0,6 million). General costs have remained at the same level as previous financial year.

The result on disposals of investment properties amounts to € 0,3 million (€ 0 million) and comprises mainly the gain which has been realised on the sale of a retail warehouse in Hasselt with a total fair value of € 2,6 million (on 31 December 2013).

The changes in fair value of investment properties of the first quarter of 2014 are limited and amount to € 0,3 million (€ 0,9 million).

The financial result (excl. changes in fair value - IAS 39) amounts to - € 1,0 million (- € 1,2 million). The decrease of € 0,2 million results mainly from the interest rate swaps that have taken effect (for hedging credit facilities with variable interest rate) at lower interest rate than the expired interest rate swaps. The average interest rate for the property investment fund for the first quarter of 2014 has decreased to 3,5 % including bank margins (4,3 %).

As at 31 March 2014, 69 % of the credit lines are long-term financings, with an average remaining duration of 2,9 years. 31 % of the credit lines are short-term financings consisting of financings with unlimited duration and a credit facility of € 25 million expiring within the year (March 2015) and which have to be refinanced. On 31 March 2014 there are € 19 million of available non-withdrawn credit lines for the payment

of the dividend for financial year 2013 and for the operational activities of the property investment fund.

The changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) include in the first quarter of 2014 the increase of the negative market value of interest rate swaps that, in line with IAS 39, cannot be classified as cash flow hedging instruments, for an amount of - € 0,5 million (€ 0,5 million).



⁴ Between brackets comparable figures of the first quarter of 2013.

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The net result of property investment fund Vastned Retail Belgium amounts to € 3,5 million (€ 4,7 million) for the first quarter of 2014 and can be divided in:

- the operating distributable result of € 3,4 million (€ 3,3 million) or an increase of approximately 1,4 %, mainly through the decrease of the financing costs of the property investment fund
- the changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements for an amount of -€ 0,4 million (€ 0,5 million).
- the result on portfolio of € 0,5 million (€ 0,9 million)

The operating distributable result per share increases by 1,4 % and amounts to € 0,67 (€ 0,66) for the first quarter of 2014.

BALANCE SHEET DATA PER SHARE	31.3.2014	31.12.2013
Number of shares entitled to dividend	5.078.525	5.078.525
Net asset value (fair value) (€)	47,07	46,37
Net asset value (investment value) (€)	48,84	48,13
Net asset value EPRA (€)	47,85	47,08
Share price on closing date (€)	56,65	52,40
Premium to net asset value (fair value) (%)	20 %	13 %

On 31 March 2014, the net asset value (fair value) of the share is € 47,07 (€ 46,37 on 31 December 2013). Given that the share price on 31 March 2014 is € 56,65, the share of Vastned Retail Belgium (VASTB) is quoted with a premium of 20 % compared to this net asset value (fair value).

In the first quarter of 2014 the debt ratio of the property investment fund has decreased by 1 % and amounts to 33 % on 31 March 2014 (34 % on 31 December 2013).



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3. General meeting and dividend distribution

The ordinary general meeting of shareholders of 30 April 2014 has approved the statutory annual accounts of Vastned Retail Belgium closed on 31 December 2013, as well as the result allocation. For financial year 2013, the ordinary general meeting has decided to distribute a gross dividend of € 2,65 per share. After deduction of 25 % withholding tax, the net dividend for financial year 2013 amounts thus to € 1,9875 per share.

For holders of dematerialised shares, distribution is made by the financial institution where the shares are listed on a securities account. The dividend for the nominal shares is automatically paid towards the shareholders by the company.

The dividend is payable as from 9 May 2014 on the basis of the shareholding on 8 May 2014.

4. Forecast

Vastned Retail Belgium intends to pursue its strategy further in 2014 by focusing explicitly on premium quality retail locations and properties.

For new acquisitions, the focus will be on premium high streets located in larger cities, such as Antwerp, Brussels, Ghent and Bruges. Divestments will be made primarily on an opportunistic basis and only for less strategic inner-city shops in smaller cities and less strategic retail warehouses or retail parks. Absolute premium retail warehouse projects, such as the Gouden Kruispunt in Tielt-Winge, will remain in 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.

The property investment fund is mildly optimistic when it comes to future rental growth. A number of prime locations definitely have the potential for rent increases, but there are some cases in which one might have to be content with current rent levels. The rate of inflation will likely remain low.

Note to the editors: for more information, please contact:

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Annex



Financial statement

Consolidated income statement

in thousands €	31.3.2014	31.3.2013
Rental income	5.461	5.466
Rental-related expenses	-31	-39
NET RENTAL INCOME	5.430	5.427
Recovery of rental charges and taxes normally payable by tenants on let properties	7	53
Rental charges and taxes normally payable by tenants on let properties	-7	-53
Other rental-related income and expenses	4	3
PROPERTY RESULT	5.434	5.430
Technical costs	-144	-123
Commercial costs	-146	-47
Charges and taxes on unlet properties	-49	-40
Property management costs	-324	-318
Other property charges	-56	-38
PROPERTY CHARGES	-719	-566
OPERATING PROPERTY RESULT	4.715	4.864
General costs	-275	-268
Other operating income and costs	6	8
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	4.446	4.604
Result on disposals of investment properties	270	-35
Changes in fair value of investment properties	325	888
Other portfolio result	-51	-3
OPERATING RESULT	4.990	5.454
Net interest charges	-1.037	-1.244
Other financial charges	-3	-4
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-453	528
FINANCIAL RESULT	-1.493	-720
RESULT BEFORE TAXES	3.497	4.734
Taxes	-8	-9
NET RESULT	3.489	4.725

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Consolidated income statement (continued)

in thousands €	31.3.2014	31.3.2013
NET RESULT	3.489	4.725
Note:		
Operating distributable result	3.378	3.333
Result on portfolio	544	850
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-433	542
Attributable to:		
Equity holders of the parent company	3.489	4.725
Minority interests	0	0

Consolidated statement of comprehensive income

in thousands €	31.3.2014	31.3.2013
NET RESULT	3.489	4.725
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	81	404
COMPREHENSIVE INCOME	3.570	5.129
Attributable to:		
Equity holders of the parent company	3.570	5.129
Minority interests	0	0

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Consolidated balance sheet

ASSETS in thousands €	31.3.2014	31.12.2013
NON-CURRENT ASSETS	359.922	362.265
Intangible assets	6	7
Investment properties	359.372	361.678
Other tangible assets	541	560
Non-current financial assets	0	17
Trade receivables and other non-current assets	3	3
CURRENT ASSETS	4.554	2.768
Assets held for sale	2.974	0
Trade receivables	177	173
Tax receivables and other current assets	95	91
Cash and cash equivalents	470	1.860
Deferred charges and accrued income	838	644
TOTAL ASSETS	364.476	365.033

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Consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.3.2014	31.12.2013
SHAREHOLDERS' EQUITY	239.037	235.467
Shareholders' equity attributable to the shareholders of the parent company	239.037	235.467
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	121.958	121.877
Net result of financial year 2013	12.194	12.194
Net result of financial year - first quarter of 2014	3.489	0
Minority interests	0	0
LIABILITIES	125.439	129.566
Non-current liabilities	88.311	116.965
Non-current financial debts	84.512	113.712
<i>Credit institutions</i>	84.500	113.700
<i>Financial lease</i>	12	12
Other non-current financial liabilities	3.634	3.106
Other non-current liabilities	126	109
Deferred taxes - liabilities	39	38
Current liabilities	37.128	12.601
Current financial debts	33.404	8.405
<i>Credit institutions</i>	33.400	8.400
<i>Financial lease</i>	4	5
Other current financial liabilities	347	521
Trade debts and other current debts	2.068	2.576
Other current liabilities	186	175
Accrued charges and deferred income	1.123	924
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	364.476	365.033