

Interim statement of the board of directors as at 30 September 2015 on the third quarter of financial year 2015

- Strategic focus on premium city high street shops continues to be primary theme in activities.
- Acquisition of two premium city high street shops in the centre of Antwerp: a high class building located at Graanmarkt 13 for an investment sum of about € 6 million and the characterful number 55 on the Schutterhofstraat for approximately € 5 million.
- As at 30 September 2015, 53% of the real estate portfolio consisted of premium city high street shops, 17% of high street shops and 30% of non-high street shops (retail parks and retail warehouses).
- Occupancy rate as at 30 September 2015: 96% (98% as at 31 December 2014).
- Increase in fair value by approximately 1%¹ of the existing real estate portfolio in the first nine months of 2015, mainly as a result of the stronger yields of the premium city high street shops in the larger cities.
- Decrease in the operating distributable result in the first nine months of 2015 to € 1,86 per share (€ 2,02 for first nine months of 2014), primarily due to lower rental income as a result of the divestment in 2014 of 19 non-strategic properties, approximately 12% of the real estate portfolio.
- Limited debt ratio of 34% as at 30 September 2015.
- Expected gross dividend for 2015 between € 2,44 and € 2,49 per share.
- The registered office and operational activities moved to Sky Building at number 66 on the Uitbreidingstraat in Berchem (Antwerp).

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

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1. Operational activities in the third quarter of 2015

Acquisition of two premium city high street shops in the centre of Antwerp



Antwerp, Graanmarkt 13

Graanmarkt 13

The acquisition of the property at Graanmarkt 13, located in the historical centre of Antwerp, fits into the investment strategy of the real estate company focusing on premium city high street shops. Graanmarkt 13 is a unique architectural project by Vincent Van Duysen of approximately 1.000 m² in which each floor is attributed 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 two upper floors are a luxury apartment with hotel service and customised service provision. The operation of the "Graanmarkt 13" concept remains under the responsibility of the previous owners of the property.

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.

The property at Graanmarkt 13 was acquired for approximately € 6 million through the takeover of shares belonging to the nv Tim & Ilse.

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Schuttershofstraat 55

In addition to numbers 22, 24, 30 and 32 leased to, among others, Terre Bleue, Manila Grace and jeweler Slaets, Vastned Retail Belgium has also acquired number 55 on Schuttershofstraat. The property is located near Hopland and the Wapper, a prime location in the centre of Antwerp. This authentic building exudes character and

is completely renovated and converted 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

Both acquisitions have been financed using available credit lines. The purchase value is in line with the valuation by the company's independent property expert. These acquisi-

tions mean that the proportion of Vastned Retail Belgium's premium city high street shops has increased by 2% in the third quarter of 2015 to 53% as at 30 September 2015.

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Investment properties

REAL ESTATE PATRIMONY	30.09.2015	31.12.2014	30.09.2014
Fair value of investment properties (€ 000)	371.313	356.536	382.297
Investment value of investment properties (€ 000)	380.596	365.450	391.855
Total leasable space (m ²)	110.243	111.594	145.434

As at 30 September 2015, the **fair value of the investment properties** amounted to € 371 million (€ 357 million as at 31 December 2014). The € 14 million increase in the first nine months of 2015 stems mainly, on the one hand, from the acquisition of three premium city high street shops in Antwerp for a total fair value of € 15 million and the € 4 million increase in fair value of the existing real estate portfolio as a result of stronger yields of the premium city high street shops in the larger

cities, and is on the other hand compensated by the sale of three non-strategic retail properties with a total fair value (as at 31 December 2014) of € 4 million.

As at 30 September 2015 the real estate portfolio consisted of 53% of premium city high street shops, 17% of high street shops and 30% of non-high street shops (retail parks and retail warehouses).

Occupancy rate

OCCUPANCY RATE ² (in %)	30.09.2015	31.12.2014	30.09.2014
Occupancy rate premium city high street shops	98%	100%	100%
Occupancy rate high street shops	96%	97%	87%
Occupancy rate non-high street shops	95%	98%	98%
Occupancy rate of the real estate portfolio	96%	98%	97%
Occupancy including buildings undergoing renovation	96%	98%	96%

The **occupancy rate** of the real estate portfolio as at 30 September 2015 was 96%, compared to 98% as at 31 December 2014. The decrease in the occupancy rate related to the premium city high street shops in the first nine months of 2015 is the result of the acquisition of

Schuttershofstraat 22 in Antwerp. Meanwhile a lease agreement has been entered into with Falke, which is subject to a suspensive condition with regard to the permit needed. This transaction has not yet been included in the occupancy rate as at 30 September 2015.

Relocation of registered office



Since 17 August 2015, the registered office of Vastned Retail Belgium has been located at the renovated Sky Building, Uitbreidingstraat 66, 2600 Berchem (Antwerp).

² The occupancy rate is calculated as the ratio between the rental income and the sum of this income and the estimated rental income of unoccupied rental premises.

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2. Financial results of the first three quarters of 2015³

Rental income of Vastned Retail Belgium amounted to € 14,8 million (€ 16,5 million) in the first nine months of 2015. The € 1,7 million decrease compared to the same period of previous year is mainly attributable, on the one hand, to the divestment in 2014 of 19 non-strategic retail properties (i.e. retail warehouses and high street shops at secondary locations), which account for approximately 12% of the real estate portfolio, compensated by the acquisition of a premium city high street shop in the centre of Ghent in July 2014 and three premium city high street shops in the centre of Antwerp, the indexation of existing lease agreements, and lease renewals carried out, on the other hand.

As a result of the divestment of 19 non-strategic retail properties **property charges** of the company decreased to - € 1,5 million in the first nine months of 2015 (- € 1,9 million) in terms of maintenance costs, commercial costs, vacancy costs and costs for the owner.

General costs remained at the same level for the first nine months of 2015 as for the first nine months of previous financial year.

The **result on disposals of investment properties** amounted to € 0,1 million (€ 0 million) and comprises the capital gain realised on the sale of three retail properties in Bruges, Dilsen and Vilvoorde with a total fair value of € 4,2 million (as at 31 December 2014).

The fair value of the real estate portfolio increased in the first nine months of 2015. The **changes in the fair value of investment properties** amounted to € 3,8 million (- € 1 million). This increase comes mainly from stronger yields of the premium city high street shops in the larger cities.

The **other result on portfolio** comprised as at 30 September 2015 the immediate write off of the difference in price of - € 0,4 million on the acquisition of the shares of the company Tim & Ilse nv (owner of the premium city high street shop on Graanmarkt 13 in Antwerp) as at 31 July 2014. IFRS 3 is not applicable on this acquisition.

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

- the decreased use of credit as a result of the divestment of 19 non-strategic retail properties in 2014
- the investment in four premium city high street shops in Ghent and Antwerp
- the early termination fee to convert a fixed-rate loan to a variable-rate loan (€ 0,3 million) in the first semester of 2015, which results in lower interest costs.

The average interest rate for financing amounts to 3,2%, including bank margins for the nine months of 2015 (3,3%). The average interest rate excluding the early termination fee for the refinancing was 2,9% in the first nine months of 2015.

Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first nine months of 2015 included the decrease 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 € 0,1 million (- € 1,3 million).

The **net result** of Vastned Retail Belgium amounted to € 13,1 million (€ 6,9 million) for the first nine months of 2015 and can be split up into:

- the **operating distributable result** of € 9,4 million (€ 10,2 million) or a decrease of € 0,8 million, primarily due on the one hand to the divestment of 19 non-strategic retail properties at the end of 2014, resulting in a drop in rental income, partly compensated by lower property charges and financing costs, and on the other hand the acquisition of a premium city high street shop in Ghent in the third quarter of 2014 and three premium city high street shops in the centre of Antwerp in 2015, as well as the indexation of existing lease agreements and lease renewals carried out
- the **result on portfolio** of € 3,5 million (- € 2,1 million)
- **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of € 0,2 million (- € 1,3 million).

This represents thus an **operating distributable result per share** of € 1,86 per share for the first nine months of 2015 or a decrease of approximately 8% compared to the same period of previous year (€ 2,02).

³ The figures between brackets are the comparable figures as at 30 September 2014.

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KEY FIGURES PER SHARE	30.09.2015	31.12.2014	30.09.2014
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (9 months/1 year/9 months) (€)	2,58	4,03	1,36
Operating distributable result (9 months/1 year/9 months) (€)	1,86	2,72	2,02
Net value (fair value) (€)	47,71	47,81	45,13
Net value (investment value) (€)	49,46	49,59	46,91
Net asset value EPRA (€)	48,54	48,71	46,04
Share price on closing date (€)	57,00	57,97	55,00
Premium to net value (fair value) (%)	20%	21%	22%

As at 30 September 2015, the **net value (fair value)** of the share was € 47,71 (€ 47,81 as at 31 December 2014). Given that the share price as at 30 September 2015 was € 57,00, the share of Vastned Retail Belgium is quoted with a premium of 20% compared to this net value (fair value).

The **debt ratio** amounted to 34% as at 30 September 2015. The increase of 3% compared to 31 December 2014 comes from the financing with borrowed capital of the acquisition of three premium city high street shops in Antwerp and the dividend payment for financial year 2014 in May 2015 for an amount of € 13,8 million.

As at 30 September 2015, 58% of **credit lines** of the company are long-term financing with an average remaining duration of 3,4 years. 42% of the credit lines are short-term financing of which 24% are credit facilities with an unlimited duration (€ 32 million) and 18% a credit facility expiring in the first half of 2016 (€ 25 million). As a consequence, Vastned Retail Belgium does not need to carry out any more refinancing of its credit facilities in financial year 2015.

As at 30 September 2015, 75% of the withdrawn credit facilities have a fixed interest rate or are fixed through interest rate swaps. The interest rates of the credit facilities of the company are fixed for a remaining average period of 3,6 years. As at 30 September 2015 Vastned Retail Belgium has € 18 million non-withdrawn credit lines at financial institutions to absorb the fluctuations in the cash needs of the company and to finance future investments.

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3. Outlook for 2015

Vastned Retail Belgium pursues its strategy further in 2015 by focusing explicitly on premium quality retail locations and properties. As at 30 September 2015 the company is invested for 70% in high street shops. The company intensified its **investment strategy** at the start of 2015 and intends, in due course, to achieve a 75% investment ratio in high street shops in Belgium. In this context, the aim that the share of premium city high street shops, i.e. the prime retail properties on the most popular high streets in the major cities of Antwerp, Brussels, Ghent and Bruges must amount to over 50% of the overall real estate portfolio, has already been reached with 53% at the end of September 2015.

This strategic theme continues to determine activities in the area of divestment in non-high street shops and investments in premium city high street shops.

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.

During the past 3 years, the quality of the real estate portfolio has been increased by divesting non-high street shops (i.e. retail warehouse properties and high street shops at secondary locations), which results in a lower risk profile. The short-term consequence of this is that the 2015 **operating distributable result** is expected to be significantly lower than in 2014.

Except for unexpected changes, such as large-scale bankruptcies of tenants or unforeseen increases in interest rates, Vastned Retail Belgium estimates to be able to propose its shareholders a gross dividend per share between € 2,44 and € 2,49 for financial year 2015 (compared to € 2,72 for financial year 2014). This represents a gross dividend yield of approximately 4,3%, based on the closing share price on 30 September 2015 (€ 57,00).

About Vastned Retail Belgium. Vastned Retail Belgium is a public regulated real estate company (RREC), the shares of which are listed on Euronext Brussels (VASTB). Vastned Retail Belgium invests exclusively in Belgian commercial real estate, focussing on premium city high street shops (prime retail properties located on the best shopping streets in the major cities of Antwerp, Brussels, Ghent and Bruges). Furthermore, Vastned Retail Belgium owns real estate in high street shops (city centre shops outside of the premium cities) and non-high street shops (high-end retail parks and retail warehouses). The RREC intends to achieve a 75% investment ratio in high street shops in due course.

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Annexes

Consolidated income statement (9 months)

in thousands €	30.09.2015	30.09.2014
Rental income	14.753	16.470
Rental-related expenses	-132	-131
NET RENTAL INCOME	14.621	16.339
Property management costs and income	38	39
PROPERTY RESULT	14.659	16.378
Technical costs	-386	-453
Commercial costs	-104	-223
Charges and taxes on unlet properties	-57	-183
Property management costs	-916	-927
Other property charges	10	-81
Property charges	-1.453	-1.867
OPERATING PROPERTY RESULT	13.206	14.511
General costs	-868	-937
Other operating income and costs	70	19
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	12.408	13.593
Result on disposals of investment properties	149	36
Changes in fair value of investment properties	3.785	-986
Other result on portfolio	-440	-1.145
OPERATING RESULT	15.902	11.498
Financial income	5	1
Net interest charges	-2.729	-3.219
Other financial charges	-9	-8
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	133	-1.319
Financial result	-2.600	-4.545
RESULT BEFORE TAXES	13.302	6.953
Taxes	-208	-63
NET RESULT	13.094	6.890

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in thousands €	30.09.2015	30.09.2014
Note:		
Operating distributable result	9.428	10.240
Result on portfolio	3.494	-2.095
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	172	-1.255
Attributable to:		
Shareholders of the parent company	13.094	6.897
Minority interests	0	-7

RESULT PER SHARE	30.09.2015	30.09.2014
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	2,58	1,36
Diluted net result (€)	2,58	1,36
Operating distributable result (€)	1,86	2,02

Consolidated statement of comprehensive income (9 months)

in thousands €	30.09.2015	30.09.2014
NET RESULT	13.094	6.890
Other components of comprehensive income (recyclable through income statement)		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	207	292
COMPREHENSIVE INCOME	13.301	7.182
Attributable to:		
Shareholders of the parent company	13.301	7.189
Minority interests	0	-7

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Consolidated balance sheet

ASSETS in thousands €	30.09.2015	31.12.2014
NON-CURRENT ASSETS	371.856	357.023
Intangible assets	1	3
Investment properties	371.313	356.536
Other tangible assets	533	477
Trade receivables and other non-current assets	9	7
CURRENT ASSETS	2.427	5.391
Assets held for sale	0	4.156
Trade receivables	422	163
Tax receivables and other current assets	106	213
Cash and cash equivalents	779	339
Deferred charges and accrued income	1.120	520
TOTAL ASSETS	374.283	362.414

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.09.2015	31.12.2014
SHAREHOLDERS' EQUITY	242.287	242.967
Shareholders' equity attributable to shareholders of the parent company	242.287	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	13.094	20.494
Minority interests	0	167
LIABILITIES	131.996	119.447
Non-current liabilities	84.349	91.632
Non-current financial debts	80.000	86.906
<i>Credit institutions</i>	80.000	86.900
<i>Financial leases</i>	0	6
Other non-current financial liabilities	4.213	4.552
Other non-current liabilities	133	174
Deferred tax - liabilities	3	0
Current liabilities	47.647	27.815
Provisions	109	205
Current financial debts	39.250	19.256
<i>Credit institutions</i>	39.250	2.250
<i>Financial leases</i>	0	6
<i>Other current financial debts</i>	0	17.000
Trade debts and other current debts	6.541	7.209
Other current liabilities	610	136
Deferred charges and accrued income	1.137	1.009
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	374.283	362.414