



## Investment Research

Reason: Fundamental Report

19 January 2015

### Hold

Recommendation unchanged

**Share price: EUR 56.55**

closing price as of 16/01/2015

**Target price: EUR 57.00**

from Target Price: EUR **59.00**

Reuters/Bloomberg

VASTB.BR/VASTB.BB

Daily avg. no. trad. sh. 12 mth	771
Daily avg. trad. vol. 12 mth (m)	43.58
Price high 12 mth (EUR)	58.80
Price low 12 mth (EUR)	51.00
Abs. perf. 1 mth	-0.6%
Abs. perf. 3 mth	2.8%
Abs. perf. 12 mth	9.4%

Market capitalisation (EURm) 287

Current N° of shares (m) 5

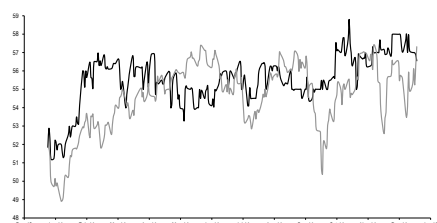
Free float 30%

Key financials (EUR)	12/13	12/14e	12/15e
Gross Rental Income (m)	22	22	20
EBITDA (m)	18	19	17
EBITDA margin	85.0%	84.8%	84.9%
Portfolio Result (m)	(3)	(4)	1
Net Financial Result	(3)	(6)	(4)
Net Profit (adj.)(m)	13	13	13
Funds From Operations	13.37	13.45	13.04
EPS (adj.)	2.63	2.65	2.57
DPS	2.65	2.70	2.57
IFRS NAVPS	46.37	45.89	45.90
EPRA NAVPS	47.08	46.50	46.51
Premium/(Discount)	13.0%	26.3%	23.2%
Earnings adj. yield	4.7%	4.7%	4.5%
Dividend yield	4.7%	4.8%	4.5%
EV/EBITDA	20.9	21.1	23.6
P/E (adj.)	19.9	21.9	22.0
Int. cover(EBITDA/Fin.int)	3.8	4.3	4.1
Net debt/(cash) (m)	120	108	122

## What's next?

With the divestment of 14 non-strategic properties, Vastned Retail Belgium realises its strategy to have 65% of its portfolio invested in inner-city shops. This raises the question: "What's next"? The share is fully valued but still offers an attractive yield.

- ✓ Vastned Retail Belgium invests exclusively in commercial real estate and more specific in inner-city shops (68%) in prime locations and high-quality retail warehouses (32%). The mother company Vastned Retail NV controls 65.5%.
- ✓ On 27 October 2014, the EGM approved unanimously to convert into a Regulated Real Estate Company: openbare Gereguleerde Vastgoed Vennootschap (GVV) / Société Immobilière Réglementée Publique (SIR). 65.8% of the capital was represented in the EGM.
- ✓ Vastned Retail Belgium tries to make its share more attractive by increasing the liquidity by growing the portfolio if possible via mergers and investments in kind. Today, Vastned Retail Belgium still has the second lowest liquidity among Belgian RRECs. This does however not exclude institutional ownership as was demonstrated by the transparency declaration of Capfi Delen Asset Management.
- ✓ Vastned Retail Belgium has a policy of distributing 100% of the distributable profit which tends to closely trail the net current profit excluding IAS-39. We expect the FY14E dividend to rise by 2% to EUR 2.70 per share, in line with the expected evolution of the distributable profit. This offers an attractive yield of 4.8%.
- ✓ The Ghent, Veldstraat 23-27 acquisition in August 2014 for EUR 27.7m has added momentum to earnings growth but is not big enough to change our investment case. The acquisition was financed with debt resulting in a debt ratio of 39% at the end of September 2014.
- ✓ On 24 December 2014, Vastned Retail Belgium announced a club deal selling 14 non-strategic assets for EUR 35.6m. The sale includes the Julianus Shopping Centre and shops at Vilvoorde, Hoboken, Bree, Chênée, Flémalle, Genk, La Louvière, Malmédy, Mons, Sint-Pieters-Leeuw, Waterloo, Antwerpen Adbijstraat and Westerlo. The total transaction represents GLA of c. 33,000 and GRI of EUR 3.2m.
- ✓ Our DCF valuation points to a fair value of EUR 56.6 including the announced divestments and with a scenario of reinvestment of the proceeds in a 2-year span at an average yield of 4.5%. We set a new TP of EUR 57 and maintain our Hold recommendation which is justified by the attractive yield.



Shareholders: Vastned Retail 66%; Capfi Delen Investment Management 4%;

For company description please see summary table footnote

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For important disclosure information. please refer to the disclaimer page of this report



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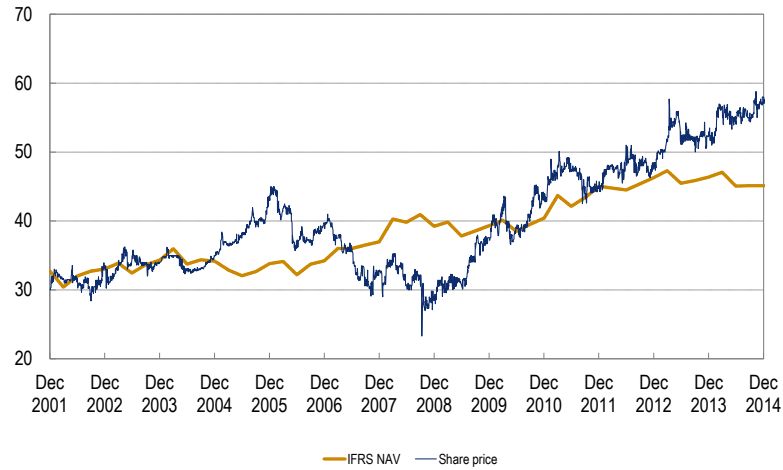
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# Valuation

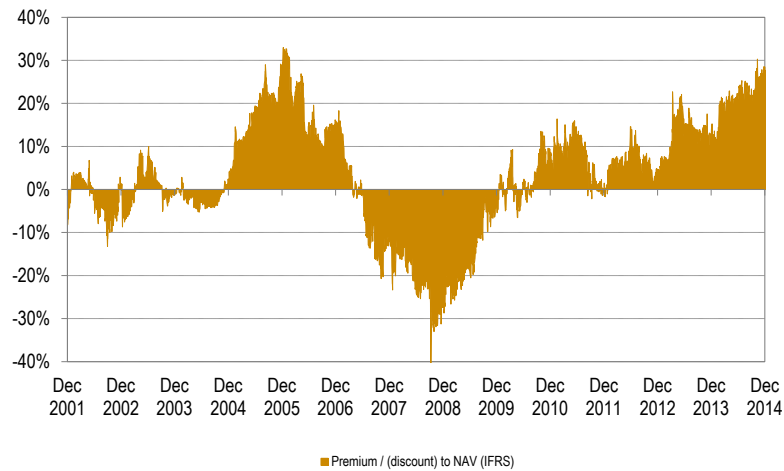
## Historical perspective

### Share price and IFRS NAV per share until January 18, 2015



Sources: Bloomberg, Vastned Retail Belgium, Bank Degroof (ESN) Research

### Premium / (discount) to IFRS NAV until January 18, 2015



Sources: Bloomberg, Vastned Retail Belgium, Bank Degroof (ESN) Research

January 18, 2015, Vastned Retail Belgium was trading at a 25.3% premium to IFRS NAV of EUR 45.13 (as on September 30, 2014). The premium to EPRA NAV (EUR 46.06) was 22.8%.



## DCF valuation

### VASTNED RETAIL BELGIUM - DCF

DCF VALUATION (EUR million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Sales	22.1	21.7	22.4	20.3	21.2	21.9	22.5	23.1	23.8	24.6	25.4	26.2	27.1	28.0
% change	4.1%	-2.0%	3.2%	-9.4%	4.5%	3.5%	2.5%	3.0%	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
EBITDA	18.5	18.4	19.0	17.2	18.1	18.7	19.2	19.8	20.4	21.1	21.7	22.5	23.2	24.0
% margin	83.8%	85.1%	84.9%	85.0%	85.3%	85.4%	85.4%	85.5%	85.5%	85.5%	85.5%	85.6%	85.6%	85.6%
% change	2.0%	-0.5%	3.0%	-9.2%	4.8%	3.7%	2.5%	3.0%	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	18.5	18.4	19.0	17.2	18.1	18.7	19.2	19.8	20.4	21.1	21.7	22.5	23.2	24.0
% margin	83.8%	85.1%	84.9%	85.0%	85.3%	85.4%	85.4%	85.5%	85.5%	85.5%	85.5%	85.6%	85.6%	85.6%
% change	2.0%	-0.5%	3.0%	-9.2%	4.8%	3.7%	2.5%	3.0%	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Normative tax rate														
NOPLAT	18.5	18.4	19.0	17.2	18.1	18.7	19.2	19.8	20.4	21.1	21.7	22.5	23.2	24.0
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Operating Cash Flow	18.5	18.4	19.0	17.2	18.1	18.7	19.2	19.8	20.4	21.1	21.7	22.5	23.2	24.0
Capex	8.1	-3.6	12.6	-13.0	-13.0	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7
% sales	-36.7%	16.5%	-56.3%	64.2%	61.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Change in Net Working Capital (-=increase;+=decreas	0.7	-0.4	-0.5	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Cash Flow to be discounted</b>	<b>27.3</b>	<b>14.5</b>	<b>31.1</b>	<b>4.0</b>	<b>5.1</b>	<b>18.3</b>	<b>18.7</b>	<b>19.3</b>	<b>19.9</b>	<b>20.5</b>	<b>21.2</b>	<b>21.9</b>	<b>22.6</b>	<b>23.4</b>

DCF EVALUATION (EUR million)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WACC	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%
Discount Rate factor	0.0	0.0	0.0	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6
Discounted Cash Flow	0.0	0.0	0.0	3.8	4.6	15.6	15.1	14.8	14.4	14.1	13.8	13.6	13.3	13.0
<b>Capital employed</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.8</b>	<b>8.4</b>	<b>24.0</b>	<b>39.1</b>	<b>53.9</b>	<b>68.3</b>	<b>82.4</b>	<b>96.3</b>	<b>109.8</b>	<b>123.1</b>	<b>136.1</b>

WACC & DCF ANALYSIS							
<b>Cost of Equity (Ke or COE)</b>	<b>6.80%</b>			<b>Cumulated DCF</b>	<b>136.1</b>	<b>- Net Financial Debt</b>	<b>-123.1</b>
Cost of Debt (gross)	3.50%					- Minorities (estimated value)	0.0
Debt tax rate	0.00%			Perpetual Growth Rate (g)	0.0%	+ Associates	0.0
<b>Cost of Debt net (Kd or COD)</b>	<b>3.50%</b>			Normalised Annual CF	24.0	- Pension underfunding	0.0
Target gearing (or % Kd)	40.00%			Terminal Value @ 12/2025	437.4	- Free cash flow FY14E	31.1
% Ke	60.00%			Disc. Rate of Terminal Value	0.6		
Normative Tax Rate	0.00%			<b>Discounted Terminal Value</b>	<b>243.4</b>	<b>Equity Market Value (EUR m)</b>	<b>287.5</b>
				Peripheral assets	0.0	Number of shares (m)	5.1
<b>WACC</b>	<b>5.48%</b>			<b>Enterprise Value (EUR m)</b>	<b>379.5</b>	<b>Fair Value per share (EUR)</b>	<b>56.6</b>

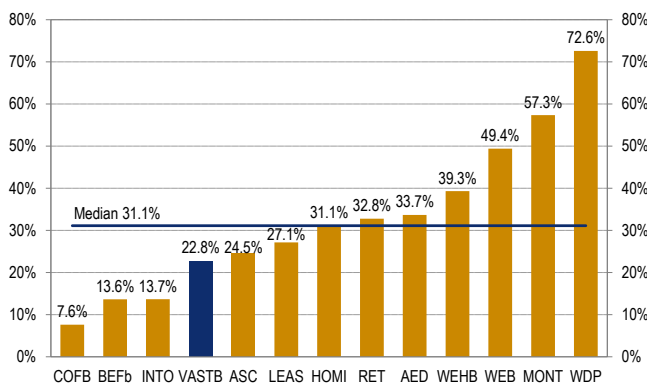


### NAV analysis

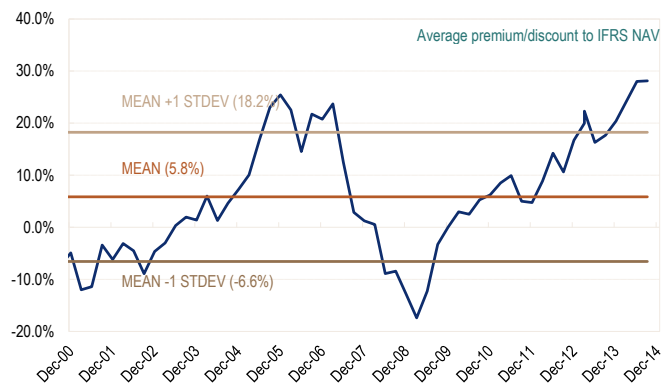
On 18 January 2015, the median premium for Belgian Regulated Real Estate Companies (RREC) stood at 31.1% (vs September 30 EPRA NAV). The pricing of all Belgian Retail RRECs is higher than that of Vastned Retail Belgium. Wereldhave Belgium has the highest premium (39.3%) and Vastned Retail Belgium the lowest (22.8%) among Belgian retail RRECs.

When looking at the evolution of the valuation of Belgian RRECs, the sector is currently valued with a premium to IFRS NAV exceeding 1 standard deviation (12.4%) from the long-term average premium (5.8%). This could imply that there is more downside risk than upside potential in the next 12 months.

**Belgian RRECs: Premium (discount) to EPRA NAV**



**Belgian RRECs: Avg. Premium/discount to IFRS NAV**



Sources: Company data, Bank Degroof (ESN) Research.



## Triggers & SWOT analysis

### Triggers & drivers

Vastned Retail Belgium has successfully realised the portfolio shift from non-core retail warehouses towards prime inner-city retail shops which after the club deal announced on 24 December 2014, will represent 68% of the portfolio. This leaves the question: "What's next". Any announcements of follow-up strategic moves or landmark acquisitions could provide an important trigger or be a driver for share price appreciation. Today, the share is however fully valued.

The FY14E gross dividend yield nevertheless remains attractive. The median of Belgian RRECs stands at 5.0%.

The high sector valuation vs historical average and a potential hike in interest rates (not expected in the near future) represent a real threat to all Belgian RRECs. In an adverse scenario we see more risks to the downside than upside potential.

### SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>▪ Retail offers potential for cash flow returns (gross portfolio yield is 6.0%) + capital appreciation</li> <li>▪ Very stable cash flows thanks to a large stake in prime inner-city retail, and solid purchasing power of Belgians</li> <li>▪ Structurally high occupancy (97.9%) and quality of portfolio and tenant mix</li> <li>▪ Strong reference shareholder (65.5%) with strong balance sheet (debt ratio: 39.4%)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hard to find prime inner-city retail investment opportunities at attractive yields</li> <li>▪ Low free float &amp; liquidity but active OTC market</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>▪ Increase leverage to grow the portfolio in an EPS accretive way</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pressure on investment yields coming from other RRECs but also from private investors</li> <li>▪ One single tenant (Hennes &amp; Mauritz) represents c. 17.5% of gross rental income</li> <li>▪ Depressed consumer spending E-commerce or hike in interest rates</li> </ul>



## Financials

### 9M14 results

Vastned Retail Belgium (VNRB) reported a 9M14 net current profit of EUR 10.31m (+2.9%), accelerating in 3Q14 (+5.0%) despite higher technical costs (9M14 +16.7%) and higher general expenses (9M14 +16.8%, 3Q14 +37.2%) linked to advisory and publicity costs for the conversion into a Regulated Real Estate Company (GVV/SIR).

The portfolio result stood at a negative EUR 2.1m and was primarily attributable to fair value adjustments (EUR -1.0m) and the price difference (EUR -1.1m) between the investment value of the Ghent, Veldstraat acquisition (EUR 27.7m) and its fair value (EUR 26.6m).

The fair value of the portfolio stood at EUR 382.3m at the end of September 2014 up 5.7% year-to-date driven by the EUR 26.6m acquisition of the premium high street shop in Ghent, partly offset by EUR 5.2m divestments of 4 shops in Hasselt, Wilrijk and Antwerp. Fair value adjustments had a limited negative impact of 0.3%. September 30, 2014, 62% of the portfolio consists of high street shops.

The EPRA NAV at 30 September 2014 stood at EUR 46.06 per share whereas the IFRS NAV stood at EUR 45.13 per share.

The occupancy ratio rose from 95.4% at year-end 2013 to 96.0% at the end of September driven mainly by new tenants in Philippeville and Vilvoorde. The occupancy excluding assets that are being renovated stands at 96.5%.

The total debt-to-assets ratio at the end of September stood at 39% compared to 35% at the end of June and 34% at year-end 2013. This reflects the debt financed acquisition of the Ghent, Veldstraat for EUR 27.7m. 58% of the credit lines are fixed rate or have been swapped to fixed. The average duration is 3.4 years. Undrawn credit lines amount to EUR 11m.

VNRB management is guiding for a full year 2014 dividend ranging between EUR 2.68 and EUR 2.73 per share.

Key figures (in EUR k)	3Q13	3Q14	% Δ yoy	9M13	9M14	% Δ yoy
Net rental result	5,368	5,515	2.7%	16,198	16,339	0.9%
Operating property result	4,548	4,618	1.5%	13,788	13,593	-1.4%
Financial result (excl. IAS 39)	-1,252	-1,122	-10.4%	-3,743	-3,226	-13.8%
Other income & charges	-6	-41	583.3%	-24	-56	133.3%
Net current profit	3,290	3,455	5.0%	10,021	10,311	2.9%
Result on the portfolio	-1,860	-2,868	54.2%	-1,626	-2,095	28.8%
IAS 39	119	-341	-386.6%	1,561	-1,319	-184.5%
Net profit	1,549	246	-84.1%	9,956	6,897	-30.7%
No. of shares	5,078,525	5,078,525	0.0%	5,078,525	5,078,525	0.0%
Net current profit per share (EUR)	0.63	0.47	-24.7%	1.96	1.80	-7.7%
EPRA NAVps excl. IAS39 (EUR)				46.64	46.05	-1.3%

Source: Vastned Retail Belgium, Bank Degroof (ESN) research



## Sale of 14 non-strategic properties

Sale 14 properties, including Julianus SC

On 24 December 2014, Vastned Retail Belgium announced the sale of 14 non-strategic properties for a total consideration of EUR 35.6m. The properties have a GLA of c. 33,000sqm and GRI of EUR 3.2m. The GRI of the sold assets represents c. 14.3% of FY14E total GRI.

The sold assets include the Julianus Shopping Centre and shops at Vilvoorde, Hoboken, Bree, Chênée, Flémalle, Genk, La Louvière, Malmédy, Mons, Sint-Pieters-Leeuw, Waterloo, Antwerpen Adbijstraat and Westerlo. It are mostly shops on access roads to cities or inner-city shops on secondary locations.

Occupancy to rise to 97.9%

The occupancy rate of the sold assets stands at 92.3% and the yield at which the assets are sold is 9% which is rather high but some of the assets (notably the Julianus Shopping Centre) have a structurally high vacancy rate. After closing of the sale, the occupancy rate of Vastned Retail Belgium's portfolio will rise to 97.9%. Inner-city shops will represent 68% of the portfolio.

EUR 2m realised loss

The gross sales price is 1% below the fair value at year-end 2013 and the net sales price (after sales costs and a revision of VAT) is c. 5.5% below the fair value at year-end 2013. This should trigger a realised loss of c. EUR 2m.

The FY14E year-end debt ratio of 39% is expected to drop to 32.4% after closing of the sale.





## Revenue analysis

10-year 1.4%  
CAGR in  
revenues

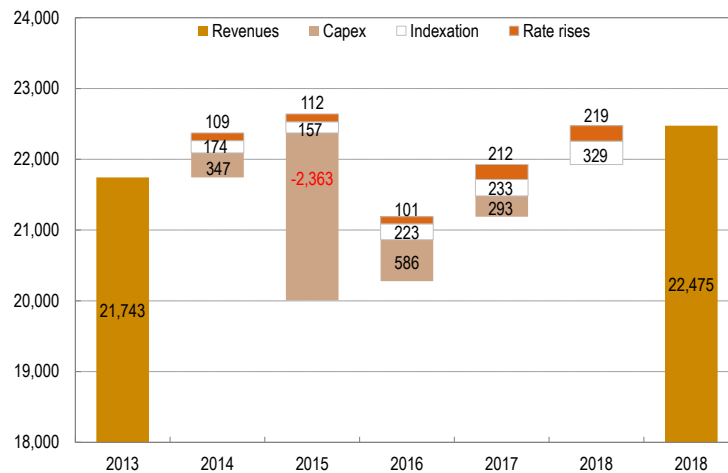
In the past 10 years, Vastned Retail Belgium saw its revenues grow by 1.4% per annum to reach EUR 21.7m for FY13.

For the period 2013-2018, we see a CAGR in revenues of 0.7% which is mainly driven by the divestments announced on 24 December 2014 (GRI EUR 3.2m or c. 14.3% of total FY14E GRI). This is partly offset by the Ghent, Veldstraat 23-27 acquisition at the end of July 2014 (GRI EUR 1.1m o/w 5 months already recorded in FY14E).

We assume that it will take 2 years to reinvest the divestment proceeds in higher quality assets but with lower yields (4.5% assumption). The debt ratio still leaves additional room for debt-financed acquisitions should the company decide to increase leverage. Our inflation expectations are set at 0.8% for FY14E and 0.7% for FY15E.

Management recons that rate rises become increasingly difficult, certainly in smaller cities (E.g. Tongeren, Mouscron) where retention of tenants is the primary focus. Incentives remain moderate but sometimes important clients request that Vastned Retail Belgium participates in the renovation or refurbishment of their shops as an alternative to rental reductions which in FY13 represented 1.7% of Gross Rental Income. We pencilled in 0.5% rate rises for FY14E through FY16E and 1% thereafter.

### Vastned Retail Belgium projected revenue evolution 2013-2018 (EUR k)



Sources: Vastned Retail Belgium, Bank Degroof (ESN) Research



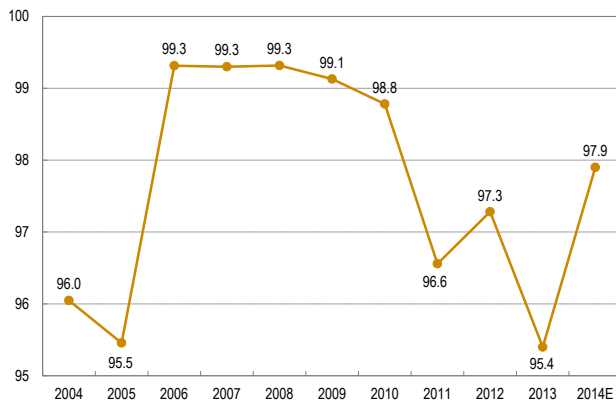
## Occupancy analysis

**FY14E**  
occupancy of c.  
**97.9%**

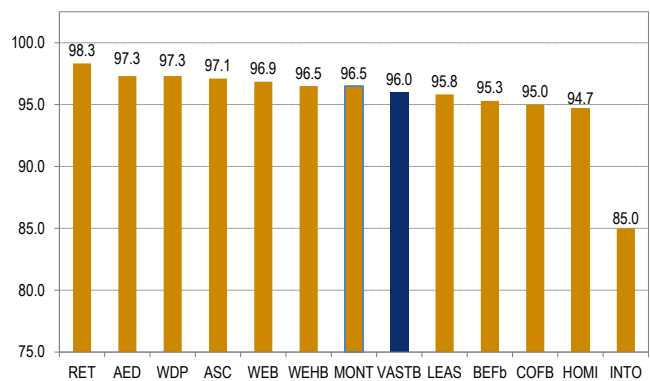
In the past years, the occupancy rate has shown some erratic behaviour but seems to be stabilizing around 96% which was the level at the end of September 2014. When excluding shops that are being renovated, the occupancy stands at 96.5%.

The occupancy rate of the assets sold in December 2014 stood at 92.3%. Vastned Retail Belgium therefore expects the occupancy rate, after close of the divestment, to rise to 97.9%.

**Occupancy rate of Vastned Retail Belgium (%)**



**Occupancy rates of Belgian RRECs (%) (30/09/14)**



Sources: Company data, Bank Degroof (ESN) Research.

## Margin analysis

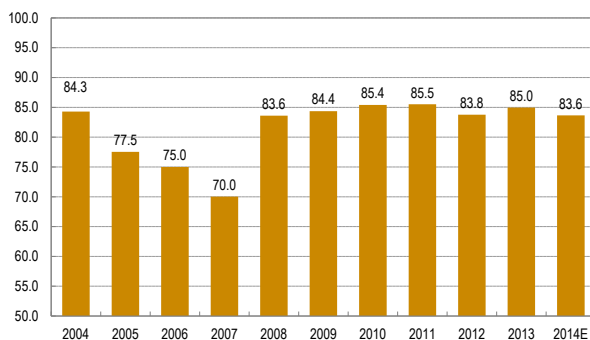
Stable operating margin ...

Vastned Retail Belgium's operating margin has been remarkably stable in the past 6 years and keeps the middle between the best performing Retail RREC (Wereldhave Belgium) and the worst performing Retail RREC (Leasinvest).

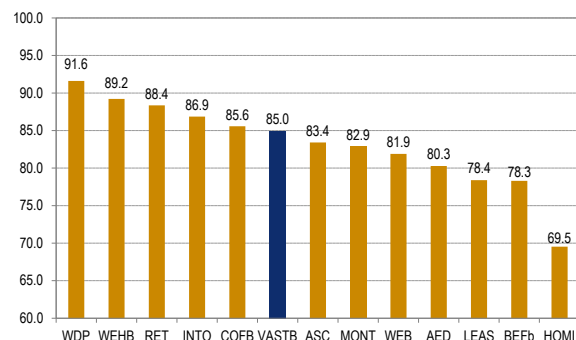
to dip in FY14E and recover thereafter

The operating margin is expected to dip in FY14E driven by higher brokerage fees, the repair of a roof and the costs associated with the conversion of the BEVAK/SICAFI into a GVV/SIR. We expect the operating margin to recover from FY15E onwards

**Operating margin of Vastned Retail Belgium (%)\***



**FY13 Operating margin of Belgian RRECs (in %)**



Source: VASTB - \* Operating result before portfolio result / property result

Sources: Company data, Bank Degroof (ESN) research



## Debt structure and maturities

EUR 124.8m  
financial debt at  
30/06/14

On June 30, 2014, Vastned Retail Belgium reported total financial debt at EUR 124.8m (+2.2% year-to-date) with a resulting debt ratio of 35.2%. Long-term financial debt represented EUR 90.4m (72.4%) with an average duration of 2.6 years. Short-term financial debt represented EUR 34.4m (27.6%) o/w a EUR 25m credit facility is expiring in 1Q15. The remainder of the short-term debt is with an unlimited duration. Management applies a debt strategy targetingting 2/3 fixed interest rate and 1/3 variable interest rate.

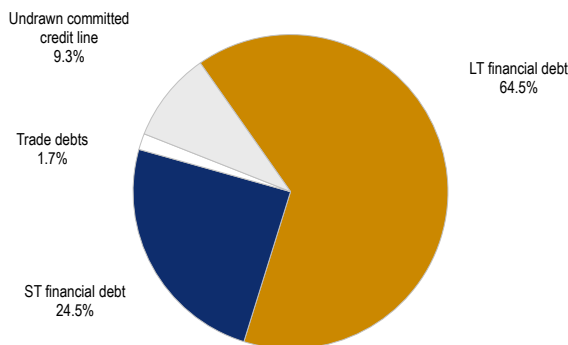
The average cost of debt for the first half of 2014 was 3.5% (including banking margins) and is expected to remain unchanged for the full year 2014. For 2015 the average cost of debt should decline to 3.3%.

Funding cost to  
decline c. 40bps

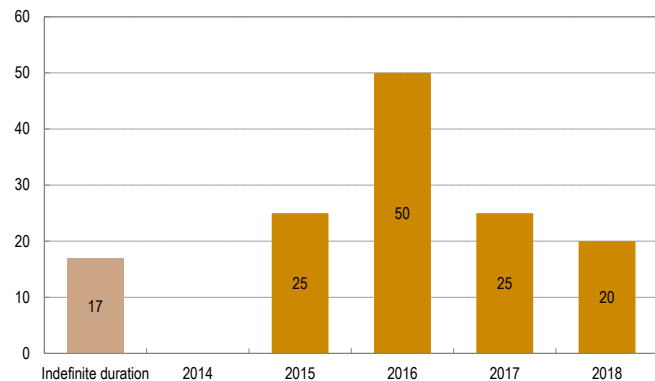
On 1 October, 2014, Vastned Retail Belgium had EUR 25m of IRS (3.02%) that were expiring of which EUR 15m were replaced by a new IRS (0.72%). This reduces interest charges by an estimated EUR 0.5m per annum or some 20bps of the total average cost of debt. The next IRS expires on 15 December 2017 (EUR 10m, 0.79%) but is unlikely to further reduce the funding cost.

The Ghent, Veldstraat 23-27 acquisition at the end of July 2014 was fully financed by debt at an undisclosed (most likely lower) cost which should drive down the average funding cost. The EUR 35.6m divestment announced in December 2014 should further reduce the average funding cost.

Funding structure (30/06/14)



Expiry calendar of credit lines (in EUR m)



Sources: Vastned Retail Belgium, Bank Degroof (ESN) Research.

## Capital & credit analysis

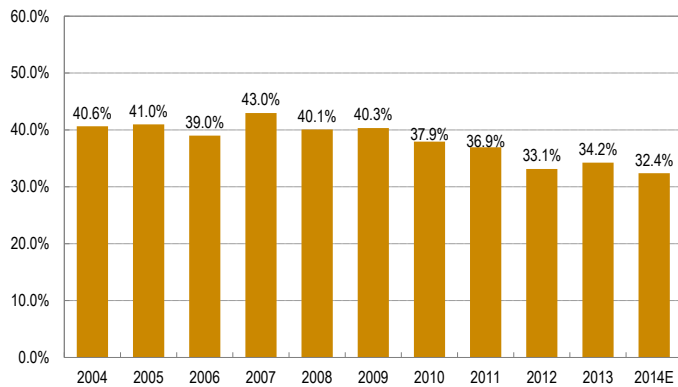
Debt ratio of  
c. 32.4%

Vastned Retail Belgium's debt ratio at the end of September 2014 stood at 39%, including the impact of the Ghent, Veldstraat 23-27 acquisition. This should decline to c. 32.4% driven by the EUR 35.6m divestment of 14 non-strategic properties. There is still ample room for debt-financed acquisitions although equity financed acquisitions have the advantage that they would increase the liquidity, which is currently the second lowest among Belgian RRECs.

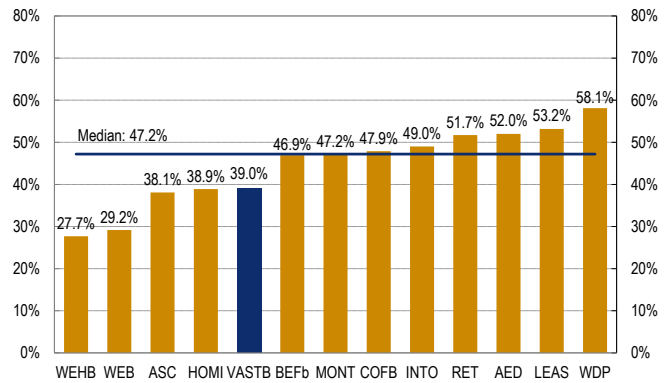
Legal constraints  
on debt ratio are  
not an issue

The maximum debt ratio allowed by law is 65%. However, Belgian RRECs need to explain to the Financial Services and Markets Authority (FSMA), how they will contain their debt ratio once the 50% threshold is breached.

### Debt ratio of Vastned Retail Belgium



### Debt ratio of Belgian RRECs (30/09/14)



Sources: Company data, Bank Degroof (ESN) Research.

## Dividend policy

### 100% pay-out

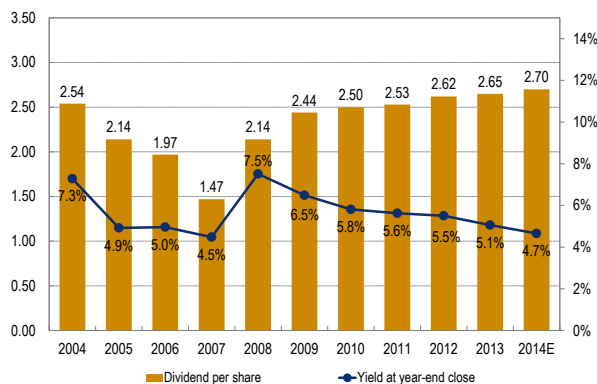
Vastned Retail Belgium has a policy of distributing 100% of the distributable profit (calculation based on statutory accounts) which tends to closely trail the net current profit excluding IAS-39. We expect the FY14E dividend to rise by 2% to EUR 2.70 per share, in line with the expected evolution of the distributable profit. At 9M14 the distributable profit rose by 2.9%.

The dividend is likely to decline in FY15E linked to the divestments representing c. 14.6% of FY14E GRI.

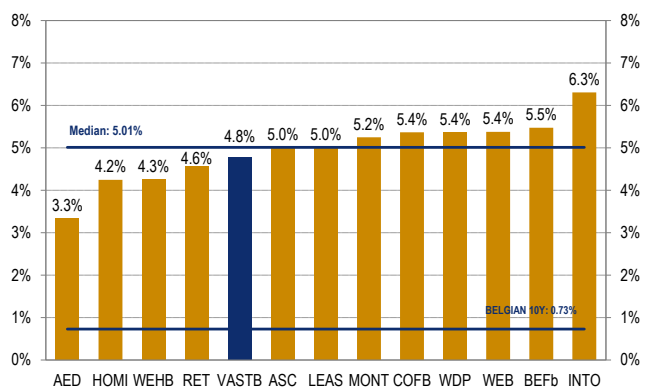
### Attractive yield

At current share price, Vastned Retail Belgium still offers an attractive prospective gross yield of 4.8% per share. The median for the Belgian RRECs is somewhat higher at 5.0%.

### VASTB dividend & yield at year-end



### FY14E dividend yield Belgian RRECs (18/01/15)



Sources: Company data, Bank Degroof (ESN) Research.



# Vastned Retail Belgium

## Portfolio overview

EUR 382.3m portfolio

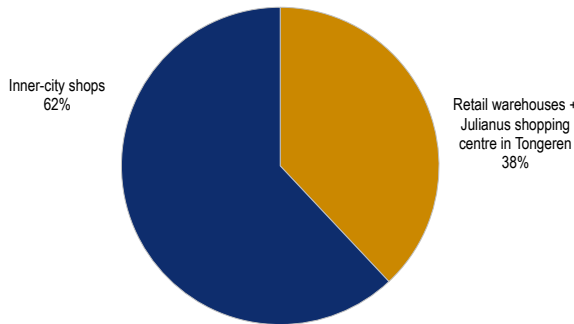
At 30 September 2014, Vastned Retail Belgium's (VASTB) portfolio had a fair value of EUR 382.3m with total GLA of 145,434sqm and an occupancy rate of 96.0%. When stripping out the properties that are being renovated, the occupancy stands at 96.5%.

During the first nine months of 2014, VASTB sold 4 non-strategic properties (Hasselt 2, Wilrijk and Antwerp) for EUR 5.2m (close to book value) with total GLA of 5,417sqm representing 1.4% of the portfolio. At the end of July 2014, VASTB expanded its portfolio value by 7.5% with the acquisition of a premium high street shop in Ghent, Veldstraat 23-27 for a total consideration of EUR 27.7m (fair value at EUR 26.6m) with total GLA of 1,875sqm and annual Gross Rental Income of EUR 1.1m (c. 4% NIY). The shop is fully let to H&M.

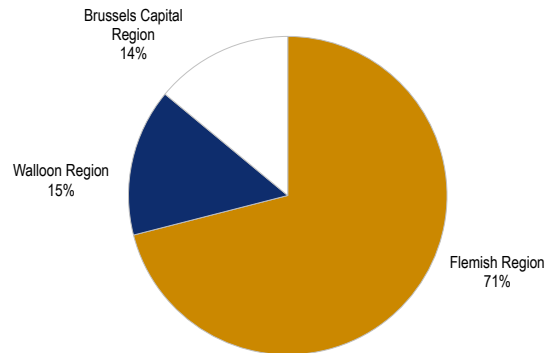
228 leasable units on 78 locations

At present, after the sale of 14 non-strategic assets (including the Julianus Shopping Centre) the portfolio counts 228 leasable units on 78 different locations. The weight of Inner-city shops rises from 62% at 30 September 2014 towards 68% at the end of 2014.

Portfolio breakdown by sector (30/09/2014)



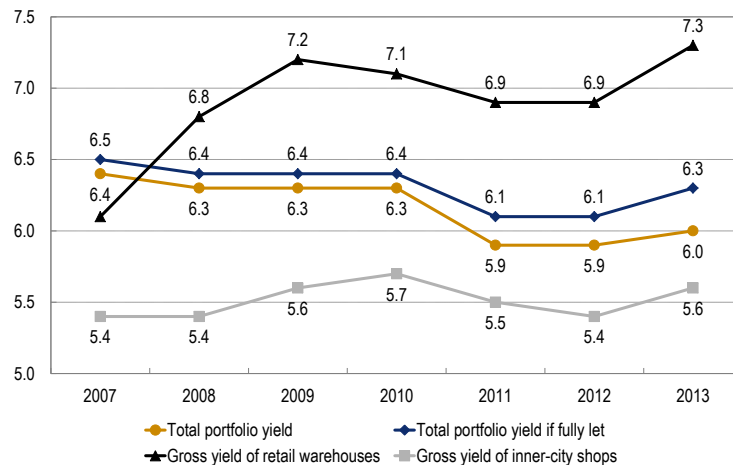
Portfolio breakdown by region (30/09/2014)



Source: Vastned Retail Belgium

Source: Vastned Retail Belgium

## Gross portfolio yields (in %)



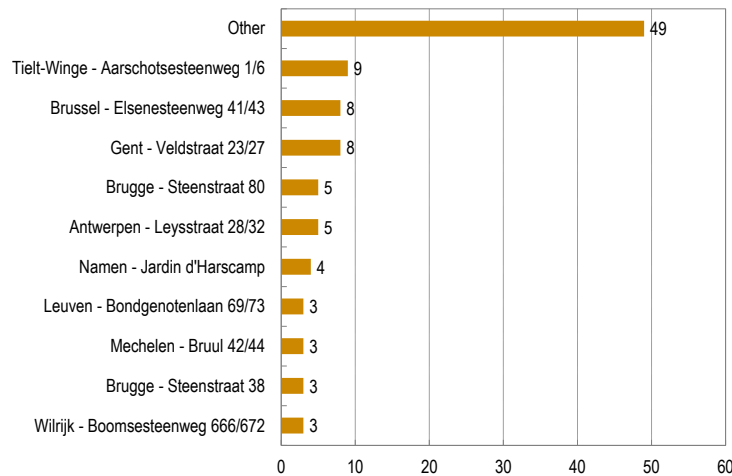
Source: Vastned Retail Belgium



Tenant concentration has increased

Following the acquisition of the Ghent – Veldstraat 23-27 shop, the 10 largest properties represent 51% of the portfolio. The same acquisition results in a rise in tenant concentration with H&M now representing c. 16% of Gross Rental Income vs 12% at the end of 2013. After the divestment of 14 non-strategic assets, H&M is likely to represent c. 17.5% of FY15E GRI but should gradually decline thereafter.

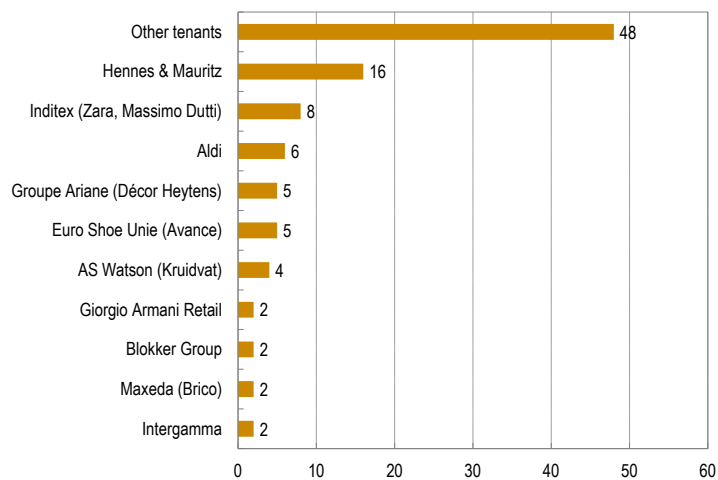
**Top-10 buildings as a % of the portfolio (\*)**



Source: Vastned Retail Belgium

(\*) Prior to December 2014 divestment

**Top-10 tenants as a % of Gross Rental Income (\*)**

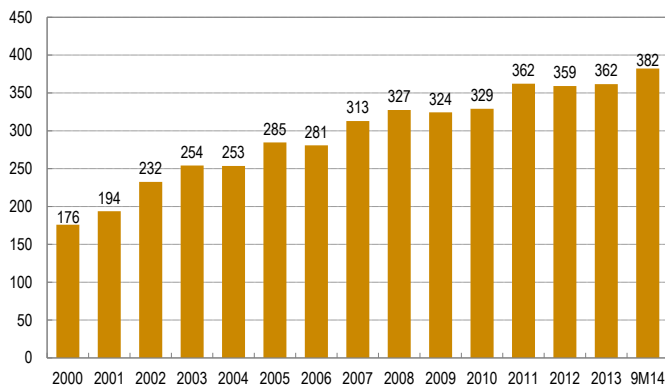


Source: Vastned Retail Belgium

(\*) Prior to December 2014 divestment

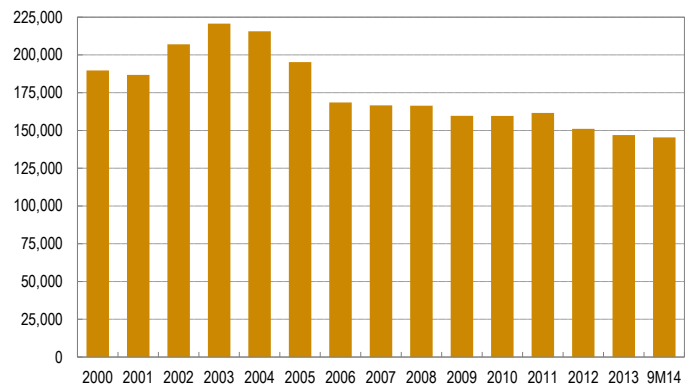


**Continued growth of the portfolio value ... (in EUR m)**



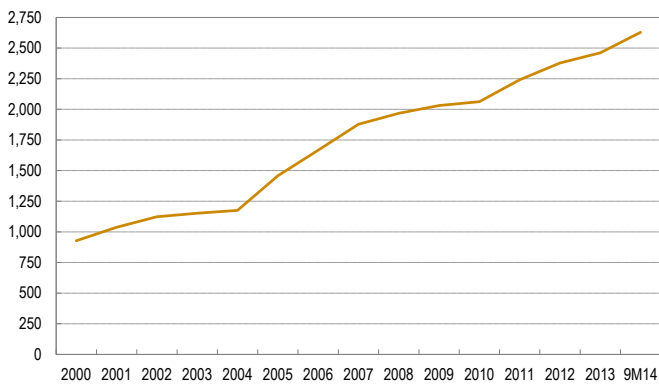
Source: Vastned Retail Belgium

**with slightly declining total leasable space... (in sqm)**



Source: Vastned Retail Belgium

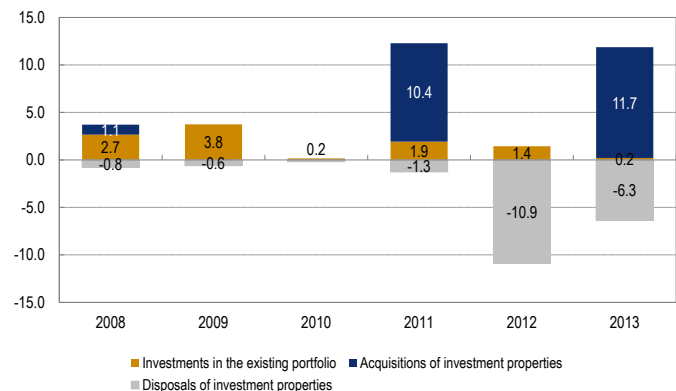
**... explained by an increasing value per sqm (in EUR) \***



Sources: Vastned Retail Belgium, Bank Degroof (ESN) Research.

\* Portfolio value divided by total leasable space.

**... and limited asset rotation in past years (in EUR m)**



Source: Vastned Retail Belgium

**Strategy**

High quality properties on prime locations

Vastned Retail Belgium aligns its strategy with that of Vastned Retail NV targeting investments in high-quality properties that do not require major repair works and are strategically situated in good locations and leased to first-class tenants.

With the acquisition of the Ghent, Veldstraat 23-27 shop and the divestment of 14 non-strategic properties, Vastned Retail Belgium has realised its target to have 65% of the portfolio invested in inner-city shops.

The group tries to make its share more attractive by increasing the liquidity by growing the portfolio if possible via mergers and investments in kind. Today, Vastned Retail Belgium still has the second lowest liquidity among Belgian RRECs. This does however not exclude institutional ownership as was demonstrated by the transparency declaration of Capfi Delen Asset Management.

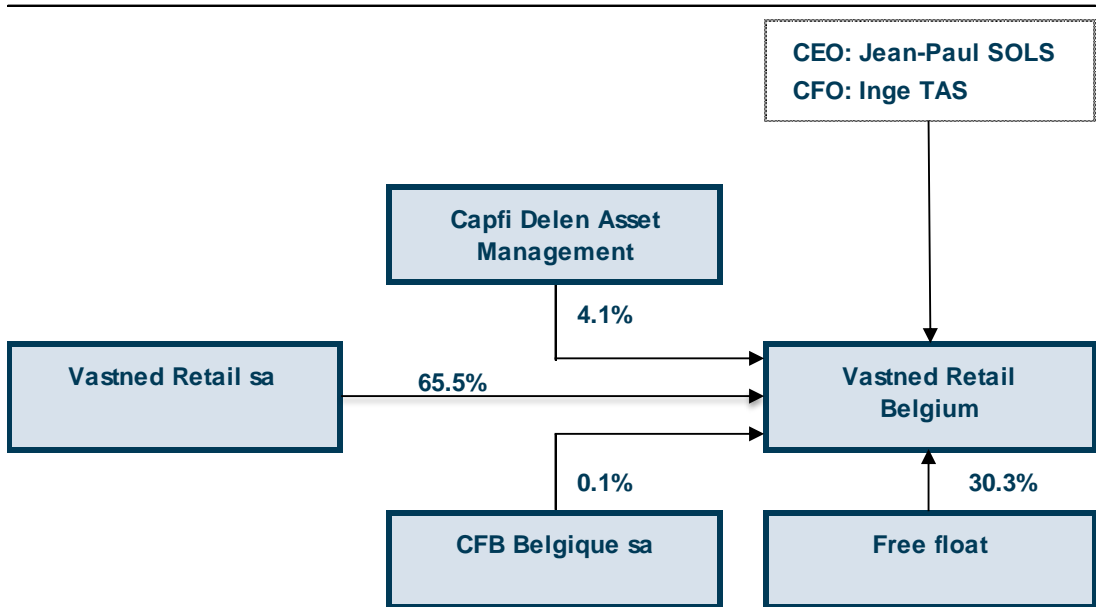


### Shareholder structure

One reference shareholder

Vastned Retail Belgium has since 1999 one reference shareholder: Vastned Retail NV which is a Dutch listed REIT that controls 65.5% of Vastned Retail Belgium’s capital. There are no shareholders with stakes exceeding 5%. On 7 January 2014, Vastned Retail Belgium received a transparency declaration from Capfi Delen Asset Management that reported a stake of 4.13% which is also considered free float.

### Shareholding structure Vastned Retail Belgium



Source : Bank Degroof (ESN) Research





## Brief company history

### Established as a BEVAK/SICAFI

Vastned Retail Belgium was established on 15 June 1987 and registered on 22 December 1998 under the investment funds regulatory framework (KB/AR April 10, 1995 – Instelling voor **C**ollectieve **B**eleggingen / **O**rganisme de **P**lacement **C**ollectif) and more specific the regime of BEVAKs/SICAFIs (Vastgoed **B**eleggingsvennootschap met **V**ast **K**apitaal / **S**ociété d'Investissement à **C**apital **F**ixe en **I**mmobilier) and the corresponding legislation (ICB-law August 3, 2012 and KB/AR December 7, 2010).

### Converted into a GVV/SIR

On 27 October 2014, the EGM approved unanimously to convert into a **Regulated Real Estate Company**: openbare **G**ereguleerde **V**astgoed **V**ennootschap (GVV) / **S**ociété **I**mmobilière **R**églementée **P**ublique (SIR). 65.8% of the capital was represented in the EGM.

Vastned Retail Belgium invests exclusively in Belgian commercial real estate and more specifically inner-city shops in prime locations and high-quality retail warehouses which represent 68% of the portfolio. At present the portfolio consists of 228 leasable units on 78 different locations. Vastned Retail Belgium adopted its current name on 24 April 2013, replacing the "Intervest Retail" name.

## Upcoming corporate events calendar

Date	Event	Description	Period
10 Feb 2015	Results	FY 2014 Results	FY14
29 Apr 2015	AGM	AGM	FY14
05 May 2015	Results	1Q 2015 Results	1Q15
30 Jul 2015	Results	2Q 2015 Results	2Q15
27 Oct 2015	Results	3Q 2015 Results	3Q15

*Source: Vastned Retail Belgium*



## Vastned Retail Belgium: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<b>Gross Rental Income</b>	<b>21.2</b>	<b>22.1</b>	<b>21.7</b>	<b>22.4</b>	<b>20.3</b>	<b>21.2</b>
Other Operating Income	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs	-2.1	-2.6	-2.3	-2.4	-2.2	-2.2
<b>Net Rental Income</b>	<b>19.2</b>	<b>19.5</b>	<b>19.4</b>	<b>20.0</b>	<b>18.2</b>	<b>19.0</b>
General Expenses	-1.1	-1.0	-1.1	-1.1	-1.0	-1.0
Net Other Income/(Costs)	0.1	0.1	0.1	0.1	0.1	0.1
<b>EBITDA</b>	<b>18.2</b>	<b>18.5</b>	<b>18.4</b>	<b>19.0</b>	<b>17.2</b>	<b>18.1</b>
<b>Portfolio Result</b>	<b>23.5</b>	<b>7.4</b>	<b>-2.9</b>	<b>-4.4</b>	<b>0.8</b>	<b>0.8</b>
<i>o/w Revaluation of Fair Value of Investment Properties</i>	<i>22.0</i>	<i>6.4</i>	<i>-3.0</i>	<i>-1.3</i>	<i>0.8</i>	<i>0.8</i>
<i>o/w Gain/Losses on Disposal of Investment Properties</i>	<i>1.5</i>	<i>1.0</i>	<i>0.1</i>	<i>-3.1</i>	<i>0.0</i>	<i>0.0</i>
<b>Net Operating Profit before Finance Cost</b>	<b>41.7</b>	<b>26.0</b>	<b>15.5</b>	<b>14.6</b>	<b>18.0</b>	<b>18.8</b>
<b>Net Financial Result</b>	<b>-5.4</b>	<b>-7.3</b>	<b>-3.3</b>	<b>-5.7</b>	<b>-4.2</b>	<b>-4.5</b>
<i>o/w Share of the profit of associates &amp; dividend income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Revaluation of Financial Instruments</i>	<i>-0.1</i>	<i>-2.1</i>	<i>1.6</i>	<i>-1.3</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Net Financial Costs</i>	<i>-5.3</i>	<i>-5.2</i>	<i>-4.9</i>	<i>-4.4</i>	<i>-4.2</i>	<i>-4.5</i>
<b>EBT</b>	<b>36.3</b>	<b>18.7</b>	<b>12.2</b>	<b>9.0</b>	<b>13.8</b>	<b>14.3</b>
Tax	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w Deferred Taxes</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Real Taxes</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Tax rate</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.3%</i>	<i>0.4%</i>	<i>0.2%</i>	<i>0.2%</i>
<b>Net Result (reported)</b>	<b>36.3</b>	<b>18.7</b>	<b>12.2</b>	<b>8.9</b>	<b>13.8</b>	<b>14.3</b>
<i>o/w Minorities</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>o/w Group Share</i>	<i>36.3</i>	<i>18.7</i>	<i>12.2</i>	<i>8.9</i>	<i>13.8</i>	<i>14.3</i>
<b>Earnings adj.</b>	<b>12.8</b>	<b>13.4</b>	<b>13.4</b>	<b>13.4</b>	<b>13.0</b>	<b>13.5</b>
Funds From Operations	12.8	13.4	13.4	13.4	13.0	13.5
<b>CASH FLOW (EURm)</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
<b>Cash Flow from Operations after change in NWC</b>	<b>17.4</b>	<b>19.4</b>	<b>18.0</b>	<b>17.4</b>	<b>17.0</b>	<b>18.1</b>
Interest Costs	-5.3	-5.2	-4.9	-4.4	-4.2	-4.5
Capex	-10.5	8.1	-3.6	12.6	-13.0	-13.0
<b>Free Cash Flow</b>	<b>1.6</b>	<b>22.3</b>	<b>9.5</b>	<b>25.6</b>	<b>-0.2</b>	<b>0.6</b>
Dividends	-12.7	-12.8	-13.3	-13.5	-13.7	-13.0
Other (incl. Capital Increase + change in cons. & share buy	0.6	5.2	0.2	0.2	0.0	0.0
<b>Change in Net Debt</b>	<b>-10.4</b>	<b>14.7</b>	<b>-3.6</b>	<b>12.4</b>	<b>-13.9</b>	<b>-12.5</b>
NOPLAT	18.2	18.5	18.4	18.9	17.2	18.0
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Investment Properties	362.2	359.2	361.7	345.9	359.6	373.4
Development Properties	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	0.2	0.6	0.6	0.6	0.6	0.6
Cash & Cash equivalents	0.4	0.2	1.9	2.2	2.3	3.9
Other current assets	1.5	2.9	0.9	0.9	0.9	0.9
<b>Total Assets</b>	<b>364.3</b>	<b>362.9</b>	<b>365.0</b>	<b>349.6</b>	<b>363.4</b>	<b>378.7</b>
Shareholders Equity	228.7	235.1	235.5	233.0	233.1	234.3
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0
Non Current Financial Debt	94.2	89.5	113.7	104.7	115.2	125.7
Deferred Tax Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Liabilities	0.1	5.1	3.2	3.1	3.2	3.2
Current Financial Debt	37.6	27.4	8.4	5.4	8.9	12.4
Other Current Liabilities	3.7	5.8	4.2	3.2	2.9	3.1
<b>Total Equity &amp; Liabilities</b>	<b>364.3</b>	<b>362.9</b>	<b>365.0</b>	<b>349.6</b>	<b>363.4</b>	<b>378.7</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
<i>Rental Income Growth</i>	<i>1.2%</i>	<i>4.1%</i>	<i>-2.0%</i>	<i>3.2%</i>	<i>-9.4%</i>	<i>4.5%</i>
<i>EBITDA growth</i>	<i>1.4%</i>	<i>2.0%</i>	<i>-0.5%</i>	<i>3.0%</i>	<i>-9.2%</i>	<i>4.8%</i>
<i>Net Result Group Share Growth</i>	<i>105.9%</i>	<i>-48.6%</i>	<i>-34.7%</i>	<i>-26.8%</i>	<i>54.4%</i>	<i>3.4%</i>
<i>Earnings adj. growth</i>	<i>0.8%</i>	<i>4.7%</i>	<i>-0.5%</i>	<i>0.6%</i>	<i>-3.0%</i>	<i>3.6%</i>
<i>EPS growth</i>	<i>105.9%</i>	<i>-48.6%</i>	<i>-34.7%</i>	<i>-26.8%</i>	<i>54.4%</i>	<i>3.4%</i>
<i>EPS adj. growth</i>	<i>0.8%</i>	<i>4.7%</i>	<i>-0.5%</i>	<i>0.6%</i>	<i>-3.0%</i>	<i>3.6%</i>
<i>DPS adj. growth</i>	<i>1.2%</i>	<i>3.6%</i>	<i>1.1%</i>	<i>1.9%</i>	<i>-4.9%</i>	<i>3.6%</i>
<i>Operating Margin</i>	<i>85.5%</i>	<i>83.8%</i>	<i>85.0%</i>	<i>84.8%</i>	<i>84.9%</i>	<i>85.1%</i>



## Vastned Retail Belgium: Summary tables

RATIOS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.6	0.5	0.5	0.5	0.5	0.6
Net Debt/EBITDA	7.2	6.3	6.5	5.7	7.1	7.4
Interest cover (EBITDA/Fin.interest)	3.5	3.6	3.8	4.3	4.1	4.0
Total Debt/Total Assets	37.2%	35.2%	35.5%	33.3%	35.9%	38.1%
LTV	36.9%	33.1%	34.2%	32.4%	34.9%	37.3%
Cash Flow from Operations/Capex	1.7	-2.4	5.0	-1.4	1.3	1.4
ROE	5.6%	5.7%	5.7%	5.8%	5.6%	5.8%
ROCE	5.3%	5.2%	5.1%	5.4%	4.9%	4.9%
WACC	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
ROCE/WACC	0.8	0.8	0.8	0.9	0.8	0.8
Payout ratio	35.4%	71.3%	110.4%	153.5%	94.6%	94.7%

PER SHARE DATA (EUR)**	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Average diluted number of shares	5.1	5.1	5.1	5.1	5.1	5.1
Diluted Number of shares end of period	5.1	5.1	5.1	5.1	5.1	5.1
EPS (reported)	7.15	3.68	2.40	1.76	2.72	2.81
EPS (adj.)	2.53	2.64	2.63	2.65	2.57	2.66
DPS	2.53	2.62	2.65	2.70	2.57	2.66
IFRS NAV	45.04	46.29	46.37	45.89	45.90	46.14
EPRA NAV	46.03	47.61	47.08	46.50	46.51	46.75
EPRA NNAV	45.04	46.29	46.37	45.89	45.90	46.14

PORTFOLIO KEY FIGURES	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Occupancy Rate	98.8%	96.6%	97.3%	97.3%	97.3%	97.3%
Portfolio Yield	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Portfolio Yield on Full Occupancy	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Average length of leases (end of contract)						
Average length of leases (first break)						

VALUATION	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Premium/(discount) to NAV	(0.1%)	2.8%	13.0%	26.3%	23.2%	22.6%
Premium/(discount) to EPRA NAV	(2.3%)	(0.0%)	11.3%	24.7%	21.6%	21.0%
P/E (adj.)	17.8	18.0	19.9	21.9	22.0	21.3
EV/Earnings adj.	28.0	26.7	28.9	29.8	31.2	31.1
EV/EBITDA	19.8	19.3	20.9	21.1	23.6	23.2

EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Price* (EUR)	45.0	47.6	52.4	58.0	56.6	56.6
Outstanding number of shares for main stock	5.1	5.1	5.1	5.1	5.1	5.1
<b>Total Market Cap</b>	<b>228.4</b>	<b>241.7</b>	<b>266.1</b>	<b>294.4</b>	<b>287.2</b>	<b>287.2</b>
Net Debt	131.4	116.7	120.3	107.9	121.8	134.3
<i>o/w Cash &amp; Marketable Securities</i>	-0.4	-0.2	-1.9	-2.2	-2.3	-3.9
<i>o/w Gross Debt (+)</i>	131.8	116.9	122.1	110.1	124.1	138.1
Other EV components	0.0	0.0	0.0	-1.0	-2.0	-2.0
<b>Enterprise Value (EV adj.)</b>	<b>359.8</b>	<b>358.4</b>	<b>386.4</b>	<b>401.3</b>	<b>407.0</b>	<b>419.4</b>

Source: Company, Bank Degroof estimates.

### Notes

\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

\*\*EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs

Sector: Real Estate/Real estate

Company Description: Vastned Retail Belgium is a Belgian RREC (=GVV/SIR) that invests solely in Belgian retail premises. The portfolio has a fair value of almost EUR 382.3m, breaking down into 32% retail warehouses and 68% inner-city shops with a strong geographical concentration in Flanders (71%) while a smaller stake is invested in Brussels (14%) and Wallonia (16%). 65.5% of the shares are controlled by the Dutch REIT Vastned Retail NV.



## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Banco Popolare	BAK Tubacex	BKF Rexel	CIC Laurent Perrier	CIC
Airbus Group	CIC	Banco Popular	BKF Upm-Kymmene	POH Schneider Electric Sa	CIC Ldc	CIC
Bae Systems Plc	CIC	Banco Sabadell	BKF <b>Biotechnology</b>	<b>Mem(*)</b> Vacon	POH Lotus Bakeries	BDG
Carbures Europe Sa	BKF	Banco Santander	BKF 4Sc	EQB Vaisala	POH Naturex	CIC
Dassault Aviation	CIC	Bankia	BKF Bioalliance Pharma	CIC <b>Financial Services</b>	<b>Mem(*)</b> Nutreco	SNS
Finmeccanica	BAK	Bankinter	BKF Crossject	CIC Ackermans & Van Haaren	BDG Olvi	POH
Latecoere	CIC	Bbva	BKF Cytotoools Ag	EQB Azimut	BAK Parmalat	BAK
Lisi	CIC	Bcp	CBI Epigenomics Ag	EQB Banca Generali	BAK Pernod-Ricard	CIC
Mtu	EQB	Brp Paribas	CIC Fermentalg	CIC Banca Ifis	BAK Raisio	POH
Rheinmetall	EQB	Bper	BAK Metabolic Explorer	CIC Bb Biotech	EQB Remy Cointreau	CIC
Rolls Royce	CIC	Bpi	CBI Neovacs	CIC Binckbank	SNS Sipef	BDG
Safran	CIC	Caixabank	BKF Oncodesign	CIC Bois Sauvage	BDG Ter Beke	BDG
Thales	CIC	Commerzbank	EQB Transgene	CIC Bolsas Y Mercados Espanoles S	BKF Unilever	SNS
Zodiac Aerospace	CIC	Credem	BAK Willex	EQB Capman	POH Vidrala	BKF
<b>Airlines</b>	<b>Mem(*)</b>	Credit Agricole Sa	CIC Zeltia	BKF Cir	BAK Vilmorin	CIC
Air France Klm	CIC	Creval	BAK <b>Chemicals</b>	<b>Mem(*)</b> Comdirect	EQB Viscofan	BKF
Finnair	POH	Deutsche Bank	EQB Air Liquide	CIC Corp. Financiera Alba	BKF Vranken Pommery Monopole	CIC
Lufthansa	EQB	Eurobank	IBG Akzo Nobel	SNS Deutsche Boerse	EQB Wessanen	SNS
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Garanti Bank	IBG Basf	EQB Deutsche Forfait	EQB <b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>
Bmw	EQB	Halkbank	IBG Dsm	SNS Euronext	CIC Ahold	SNS
Brembo	BAK	Ing Group	SNS Evonik	EQB Financiere De Tubize	BDG Bim	IBG
Continental	EQB	Intesa Sanpaolo	BAK Fuchs Petrolub	EQB Gbl	BDG Carrefour	CIC
Daimler Ag	EQB	Kbc Group	BDG Henkel	EQB Gimv	BDG Casino Guichard-Perrachon	CIC
Elektrobit Group	POH	Mediobanca	BAK Holland Colours	SNS Grenkeleasing Ag	EQB Colruyt	BDG
ErlingKlinger	EQB	National Bank Of Greece	IBG K+S Ag	EQB Hellenic Exchanges	IBG Delhaize	BDG
Faurecia	CIC	Natixis	CIC Kemira	POH Kbc Ancora	BDG Dia	BKF
Fiat	BAK	Nordea	POH Lanxess	EQB Luxempart	BDG Jeronimo Martins	CBI
Landi Renzo	BAK	Piraeus Bank	IBG Linde	EQB Mlp	EQB Kesko	POH
Leoni	EQB	Postbank	EQB Nanogate Ag	EQB Patrizia Ag	EQB Marr	BAK
Michelin	CIC	Societe Generale	CIC Recticel	BDG <b>Food &amp; Beverage</b>	<b>Mem(*)</b> Metro	CIC
Nokian Tyres	POH	Ubi Banca	BAK Solvay	BDG Acomo	SNS Rallye	CIC
Piaggio	BAK	Unicredit	BAK Symrise Ag	EQB Agrarius Ag	EQB Sligro	SNS
Pirelli & C.	BAK	Yapi Kredi Bank	IBG Tessenderlo	BDG Anheuser-Busch Inbev	BDG Sonae	CBI
Plastic Omnium	CIC	<b>Basic Resources</b>	<b>Mem(*)</b> Tikkurila	POH Atria	POH	
Porsche	EQB	Acerinox	BKF Umicore	BDG Baywa	EQB	
Psa Peugeot Citroen	CIC	Altri	CBI Wacker Chemie	EQB Berentzen	EQB	
Renault	CIC	Arcelormittal	BKF <b>Electronic &amp; Electrical Equipment</b>	<b>Mem(*)</b> Bonduelle	CIC	
Sogefi	BAK	Crown Van Gelder	SNS Alstom	CIC Campari	BAK	
Stern Groep	SNS	Ence	BKF Areva	CIC Coca Cola Hbc Ag	IBG	
Valeo	CIC	Europac	BKF Barco	BDG Corbion	SNS	
Volkswagen	EQB	Metka	IBG Euromicron Ag	EQB Danone	CIC	
<b>Banks</b>	<b>Mem(*)</b>	Metsä Board	POH Evs	BDG Ebro Foods	BKF	
Aareal Bank	EQB	Mytilineos	IBG Gemalto	CIC Enervit	BAK	
Akbank	IBG	Nyrstar	BDG Ingenico	CIC Fleury Michon	CIC	
Aktia	POH	Outokumpu	POH Jenoptik	EQB Forfarmers	SNS	
Alpha Bank	IBG	Portucel	CBI Kontron	EQB Greenyard Foods	BDG	
Banca Carige	BAK	Semapa	CBI Legrand	CIC Heineken	SNS	
Banca Etruria	BAK	Stora Enso	POH Neways Electronics	SNS Hkscan	POH	
Banca Mps	BAK	Surteco	EQB Nexans	CIC Ktg Agrar	EQB	
Banco Bradesco	CBI	Talvivaara Mining Co Plc	POH Pkc Group	POH Lanson-Bcc	CIC	



<b>General Industrials</b>	<b>Mem(*)</b>	Gerresheimer Ag	EQB	Duro Felguera	BKF	Hannover Re	EQB	Titan Cement	IBG
2G Energy	EQB	Grifols Sa	BKF	Emak	BAK	Mapfre Sa	BKF	Trevi	BAK
Aalberts	SNS	Korian-Medica	CIC	Exel Composites	POH	Mediolanum	BAK	Uponor	POH
Accell Group	SNS	Laboratorios Rovi	BKF	Faiveley	CIC	Munich Re	EQB	Uzin Utz	EQB
Ahlstrom	POH	Merck	EQB	Gea Group	EQB	Sampo	POH	Vbh Holding	EQB
Analytik Jena	EQB	Novartis	CIC	Gesco	EQB	Talanx Group	EQB	Vicat	CIC
Arcadis	SNS	Oriola-Kd	POH	Haulotte Group	CIC	Unipol	BAK	Vinci	CIC
Aspo	POH	Orion	POH	Heidelberger Druck	EQB	Unipolsai	BAK	Yit	POH
Bekaert	BDG	Orpea	CIC	Ima	BAK	Zurich Financial Services	BAK	<b>Media</b>	<b>Mem(*)</b>
Evolis	CIC	Recordati	BAK	Interpump	BAK	<b>Materials, Construction &amp; Infrastructure</b>	<b>Mem(*)</b>	Ad Pepper	EQB
Frigoglass	IBG	Rhoen-Klinikum	EQB	Kone	POH	Abertis	BKF	Alma Media	POH
Huhtamäki	POH	Roche	CIC	Konecranes	POH	Acs	BKF	Brill	SNS
Kendrion	SNS	Sanofi	CIC	Krones Ag	EQB	Adp	CIC	Cofina	CBI
Martifer	CBI	Sorin	BAK	Kuka	EQB	Astaldi	BAK	Editoriale L'Espresso	BAK
Mifa	EQB	Stallergènes	CIC	Man	EQB	Atlantia	BAK	GI Events	CIC
Nedap	SNS	Ucb	BDG	Manitou	CIC	Ballast Nedam	SNS	Havas	CIC
Neopost	CIC	<b>Hotels, Travel &amp; Tourism</b>	<b>Mem(*)</b>	Max Automation Ag	EQB	Bilfinger Se	EQB	Impresa	CBI
Pöyry	POH	Accor	CIC	Metso	POH	Boskalis Westminster	SNS	Ipsos	CIC
Prelios	BAK	Autogrill	BAK	Outotec	POH	Buzzi Unicem	BAK	Jcdecoux	CIC
Saf-Holland	EQB	Beneteau	CIC	Pfeiffer Vacuum	EQB	Caverion	POH	Kinopolis	BDG
Saft	CIC	Gtech	BAK	Ponsse	POH	Cfe	BDG	Lagardere	CIC
Serge Ferrari Group	CIC	I Grandi Viaggi	BAK	Prima Industrie	BAK	Cramo	POH	M6-Metropole Television	CIC
Siegfried Holding Ag	EQB	Ibersol	CBI	Prysmian	BAK	Deceuninck	BDG	Mediaset	BAK
Tkh Group	SNS	Intralot	IBG	Reesink	SNS	Eiffage	CIC	Nextradiotv	CIC
Wendel	CIC	Melia Hotels International	BKF	Sabaf	BAK	Ellaktor	IBG		
<b>General Retailers</b>	<b>Mem(*)</b>	Nh Hotel Group	BKF	Singulus Technologies	EQB	Ezentis	BKF		
Beter Bed Holding	SNS	Opap	IBG	Smt Scharf Ag	EQB	Fcc	BKF		
D'leteren	BDG	Snowworld	SNS	Ten Cate	SNS	Ferrovial	BKF		
Fielmann	EQB	Sonae Capital	CBI	Valmet	POH	Fraport	EQB		
Folli Follie Group	IBG	Trigano	CIC	Vossloh	EQB	Grontmij	SNS		
Fourlis Holdings	IBG	Tui	EQB	Wärtsilä	POH	Heijmans	SNS		
Inditex	BKF	Wdf	BAK	Zardoya Otis	BKF	Hochtief	EQB		
Jumbo	IBG	<b>Household Goods</b>	<b>Mem(*)</b>	<b>Industrial Transportation</b>	<b>Mem(*)</b>	Holcim Ltd	CIC		
Macintosh	SNS	Bic	CIC	Bollore	CIC	Imerys	CIC		
Rapala	POH	De Longhi	BAK	Bpost	BDG	Italcementi	BAK		
Stockmann	POH	Indesit	BAK	Caf	BKF	Joyou Ag	EQB		
<b>Healthcare</b>	<b>Mem(*)</b>	Seb Sa	CIC	Ctt	CBI	Lafarge	CIC		
Ab-Biotics	BKF	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Deutsche Post	EQB	Lemminkäinen	POH		
Almirall	BKF	Accsys Technologies	SNS	Hes Beheer	SNS	Maire Tecnimont	BAK		
Amplifon	BAK	Aixtron	EQB	Hhla	EQB	Mota Engil	CBI		
Bayer	EQB	Ansaldo Sts	BAK	Logwin	EQB	Obrascon Huarte Lain	BKF		
Biomérieux	CIC	Bauer Ag	EQB	Postnl	SNS	Ramirent	POH		
Biotest	EQB	Biesse	BAK	Tnt Express	SNS	Royal Bam Group	SNS		
Celesio	EQB	Cargotec Corp	POH	<b>Insurance</b>	<b>Mem(*)</b>	Sacyr	BKF		
Diasorin	BAK	Cnh Industrial	BAK	Aegon	SNS	Saint Gobain	CIC		
Draegerwerk	EQB	Danieli	BAK	Ageas	BDG	Salini Impregilo	BAK		
Espirito Santo Saude	CBI	Datalogic	BAK	Allianz	EQB	Sias	BAK		
Faes Farma	BKF	Delclima	BAK	Axa	CIC	Sonae Industria	CBI		
Fresenius	EQB	Deutz Ag	EQB	Delta Lloyd	SNS	Srv	POH		
Fresenius Medical Care	EQB	Dmg Mori Seiki Ag	EQB	Generali	BAK	Thermador Groupe	CIC		



<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Atenor	BDG	I:Fao Ag	EQB	Iliad	CIC
Eni	BAK	Banimmo	BDG	Ict Automatisering	SNS	Jazztel	BKF
Galp Energia	CBI	Befimmo	BDG	Indra Sistemas	BKF	Kpn Telecom	SNS
Gas Plus	BAK	Beni Stabili	BAK	Novabase	CBI	Mobistar	BDG
Hellenic Petroleum	IBG	Citycon	POH	Ordina	SNS	Nos	CBI
Maurel Et Prom	CIC	Cofinimmo	BDG	Psi	EQB	Numericable	CIC
Motor Oil	IBG	Corio	BDG	Reply	BAK	Orange	CIC
Neste Oil	POH	Deutsche Euroshop	EQB	Rib Software	EQB	Ote	IBG
Petrobras	CBI	Grand City Properties	EQB	Seven Principles Ag	EQB	Ses	CIC
Qgep	CBI	Home Invest Belgium	BDG	Tie Kinetix	SNS	Telecom Italia	BAK
Repsol	BKF	Igd	BAK	Tieto	POH	Telefonica	BKF
Total	CIC	Intervest Offices & Warehouses	BDG	Tomtom	SNS	Telenet Group	BDG
<b>Oil Services</b>	<b>Mem(*)</b>	Leasinvest Real Estate	BDG	Visiativ	CIC	Teliasonera	POH
Bourbon	CIC	Montea	BDG	Wincor Nixdorf	EQB	Tiscali	BAK
Cgg	CIC	Realia	BKF	<b>Support Services</b>	<b>Mem(*)</b>	Turkcell	IBG
Fugro	SNS	Retail Estates	BDG	Batenburg	SNS	United Internet	EQB
Saipem	BAK	Sponda	POH	Brunel	SNS	Vodafone	BAK
Technip	CIC	Technopolis	POH	Bureau Veritas S.A.	CIC	<b>Utilities</b>	<b>Mem(*)</b>
Tecnicas Reunidas	BKF	Unibail-Rodamco	BDG	Dpa	SNS	A2A	BAK
Tenaris	BAK	Vastned Retail	BDG	Edenred	CIC	Acciona	BKF
Vallourec	CIC	Vastned Retail Belgium	BDG	Ei Towers	BAK	Accea	BAK
Vopak	SNS	Vib Vermoegen	EQB	Fiera Milano	BAK	Albioma	CIC
<b>Personal Goods</b>	<b>Mem(*)</b>	Wdp	BDG	Imtech	SNS	Direct Energie	CIC
Adidas	EQB	Wereldhave Belgium	BDG	Lassila & Tikanoja	POH	E.On	EQB
A dler Modemaerkte	EQB	<b>Renewable Energy</b>	<b>Mem(*)</b>	Randstad	SNS	Edp	CBI
Amer Sports	POH	Daldrup & Soehne	EQB	Usg People	SNS	Edp Renováveis	CBI
Basic Net	BAK	Deutsche Biogas	EQB	<b>Technology Hardware &amp; Equipment</b>	<b>Mem(*)</b>	Elia	BDG
Beiersdorf	EQB	Enel Green Power	BAK	Alcatel-Lucent	CIC	Enagas	BKF
Christian Dior	CIC	Gamesa	BKF	Asm International	SNS	Endesa	BKF
Geox	BAK	<b>Software &amp; Computer Services</b>	<b>Mem(*)</b>	Asml	SNS	Enel	BAK
Gerry Weber	EQB	Affecto	POH	Besi	SNS	Falck Renewables	BAK
Hermes Intl.	CIC	Akka Technologies	CIC	Elmos Semiconductor	EQB	Fluxys Belgium	BDG
Hugo Boss	EQB	Alten	CIC	Ericsson	POH	Fortum	POH
Interparfums	CIC	Altran	CIC	Gigaset	EQB	Gas Natural Fenosa	BKF
Kering	CIC	Amadeus	BKF	Nokia	POH	Hera	BAK
Luxottica	BAK	Atos	CIC	Okmetic	POH	Iberdrola	BKF
Lvmh	CIC	Basware	POH	Roodmicrotec	SNS	Iren	BAK
Marimekko	POH	Cenit	EQB	Slm Solutions	EQB	Public Power Corp	IBG
Moncler	BAK	Comptel	POH	Stmicroelectronics	BAK	Red Electrica De Espana	BKF
Puma	EQB	Digia	POH	Suess Microtec	EQB	Ren	CBI
Richemont	CIC	Docdata	SNS	Teleste	POH	Rwe	EQB
Safilo	BAK	Ekinops	CIC	<b>Telecommunications</b>	<b>Mem(*)</b>	Snam	BAK
Salvatore Ferragamo	BAK	Engineering	BAK	Acotel	BAK	Terna	BAK
Sarantis	IBG	Esi Group	CIC	Belgacom	BDG		
Swatch Group	CIC	Exact Holding Nv	SNS	Bouygues	CIC		
Tod'S	BAK	Exprivia	BAK	Deutsche Telekom	EQB		
Zucchi	BAK	F-Secure	POH	Drillisch	EQB		
<b>Real Estate</b>	<b>Mem(*)</b>	Gameloft	CIC	Elisa	POH		
Aedifica	BDG	Gft Technologies	EQB	Eutelsat Communications Sa	CIC		
Ascencio	BDG	Guillemot Corporation	CIC	Freenet	EQB		

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(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

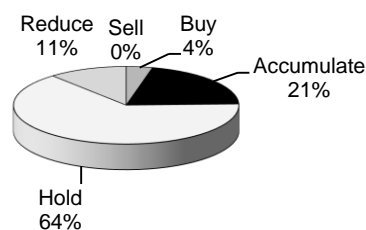
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

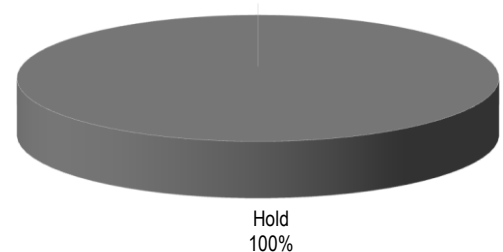
### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a member of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a member of ESN) or a related party of the issuer

Bank Degroof Ratings Breakdown



Bank Degroof Ratings Breakdown for companies with conflicts of interest

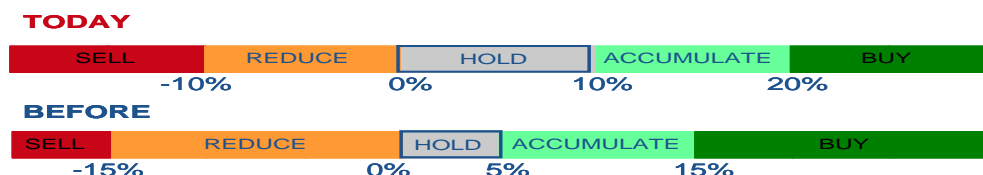


### History of ESN Recommendation System

Since **18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:





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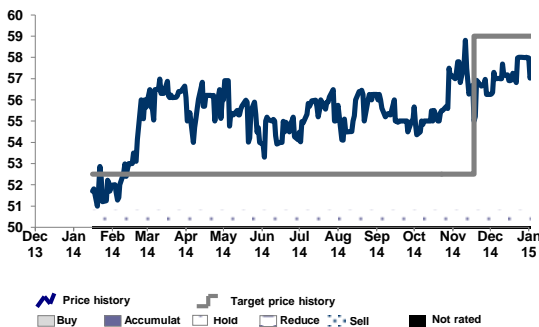


**Recommendation history for VASTNED RETAIL BELGIUM**

Date	Recommendation	Target price	Price at change date
19-Jan-15	Hold	57.00	56.55
9-Jan-15	Hold	59.00	57.10
12-Feb-13	Hold	52.50	49.90
8-Aug-12	Hold	50.00	49.12
31-Jul-12	Reduce	49.00	50.45

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Dirk Peeters (since 18/09/2009)



**Bank Degroof acts as liquidity provider for:**

Aedifica, Atenor, Banimmo, Bois Sauvage, Connect Group, D'Ieteren, Eckert-Ziegler, Elia, Gimv, Greenyard Foods, Home Invest Belgium, Kinopolis, Leasinvest Real Estate, Luxempart, Montea, Realco, Resilux, Roularta, Sapec, Ter Beke, Van de Velde and Vastned Retail Belgium.

**Bank Degroof holds a significant stake in:**

Fountain.

**Bank Degroof board members and employees hold mandates in the following listed companies:**

Aedifica, Atenor Group, Barco, Brederode, Cofinimmo, D'Ieteren, Elia, Floridienne, Sapec, Sipef, Ter Beke and Zetes.

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