

Half-yearly financial report

of the board of directors
for the period
01.01.2014 to 30.06.2014



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for the period
01.01.2014 to 30.06.2014
Regulated information -
embargo till 29/07/2014, 8:00

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Retail Belgium

Antwerp, 29 July 2014

Increase of operating distributable result to € 1,34 per share
(€ 1,32 in the first semester of 2013)

Slight increase in fair value of the real estate portfolio of 0,2%¹

Sale of three non-strategic retail warehouses², 5 % on average above the carrying amount on 31 December 2013

On 30 June 2014, 59 % of the real estate portfolio are investments in high street shops

Low debt ratio: 35 %

Expected gross dividend 2014 between € 2,63 and € 2,73 per share

1. Interim management report

1.1. Operating activities of the first semester of 2014

In the first semester of 2014 the **operating distributable result** of Vastned Retail Belgium increases and amounts to € 1,34 per share compared to € 1,32 in the first semester of previous financial year. This increase of 1,5 % per share is mainly due to lower financing costs as a result of interest rate swaps that have taken effect at lower interest rates, combined with stable rental income. The decrease in rental income through the sale of approximately 2 % of the real estate portfolio in 2013 is compensated by the acquisition of a premium high street shop in the centre of Bruges in the third quarter of 2013, as well as by rental renewals and indexations of lease contracts in the existing real estate portfolio.

The **fair value of the investment properties** of Vastned Retail Belgium has slightly increased by 0,2 % in the first semester of 2014 (based on an unchanged composition of the real estate portfolio compared to 31 December 2013). Market rents and yields³ remain quite stable. The average yield for retail warehouses in the portfolio of the property investment fund remains at 7,3 % on 30 June 2014 (7,3 % on 31 December 2013) and reaches 5,5 % for high street shops (5,6 % on 31 December 2013).

¹ Based on an unchanged composition of the real estate portfolio compared to 31 December 2013.

² The three properties represent approximately 1 % of the real estate portfolio.

³ The yield is calculated as the ratio between the rental income (increased by the estimated rental value of vacant locations for rent) and the investment value of investment properties.

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Rental renewals and renegotiations with existing tenants

In the first semester of 2014, Vastned Retail Belgium has renewed 6 lease contracts for a rental volume of approximately € 1.908.000 on an annual basis or approximately 9 % of the total rental income of the property investment fund. Compared to the current rental level this represents an increase of 1 % as from the first expiry date.

For retail warehouses 3 out of 4 lease contracts have been renewed at the same rental conditions. A rental increase of 7 % has been realised in the retail park in Philippeville.

Rental renewals in high street shops are both with H&M for the stores on Steenstraat in Bruges and on Bondgenotenlaan in Louvain. The rental renewals have been concluded at the same rental conditions as previous rental conditions and the tenant will perform major renovation works on his account. H&M has entirely renovated its store on Bondgenotenlaan in Louvain and also in Bruges the H&M store, spread over three levels (ground floor, 1st and 2nd floor), will be entirely renovated and extended. The adjacent ground floor shop – still run till the end of September by For Men – and several storage spaces on the 1st and 2nd floor will be integrated in the existing H&M store.

Premises in the heart of the major Belgian commercial cities remain important for strong retailers. They wish to maintain or expand their market share and interest on these locations.

New lettings

In the first semester, 8 lease contracts have been concluded with new tenants. Five commercial units have been let on retail warehouse locations, good for a rental volume of approximately € 116.000, and three on high street locations, good for approximately € 503.000 on an annual basis.

Rental increase for retail warehouse locations is 36 %, for high street shops it is limited to 0,25 %. The average rental increase amounts to 5 %.

The increase for retail warehouses comes partly from a new lease contract in Philippeville (+ 11 %) and the letting of a commercial unit recently added by Vastned Retail Belgium to the Roosevelt Centre in the centre of Vilvorde. This new unit will shortly become a Partena agency. The lease contract on the retail park in Philippeville is related to the opening of a Cassis Paprika store of 400 m². 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.

A new tenant in the high street shops is the French brand The Kase in the galerie Jardin d'Harscamp in Namur. This newcomer on the Belgian market is an established store chain in France with growing international ambitions. The Kase is specialised in (customised) covers for smartphones and tablets.

At the end of 2014 G-Star Raw will open a flagship store on Huidevettersstraat 12 in Antwerp. The shop was let till recently to a local multi-label shop. G-Star Raw will entirely renovate the store.

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Divestments

In the first semester of 2014 Vastned Retail Belgium has sold two non-strategic retail warehouses located on 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 buildings represent 1 % of the total fair value of the real estate portfolio of the property investment fund.

Furthermore, a non-strategic retail warehouse located Boomsesteenweg 643-645 is sold in the first semester of 2014. This commercial location with 3 units is let to The Waterbed Company and Concord Matrassen. The third unit is vacant since a few months. The building has been sold at a sales price of € 995.000 which is 7,6 % lower than the carrying amount at 31 December 2013. This building represents 0,3 % of the total fair value of the real estate portfolio of the property investment fund.



Louvain, Bondgenotenlaan - 1.495 m²

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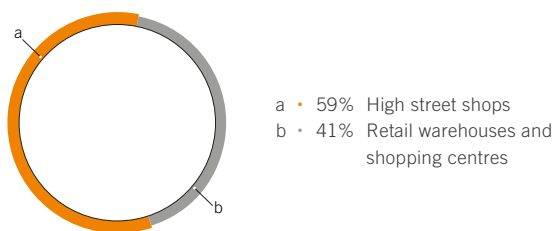


1.2. Composition and evolution of the real estate portfolio on 30 June 2014

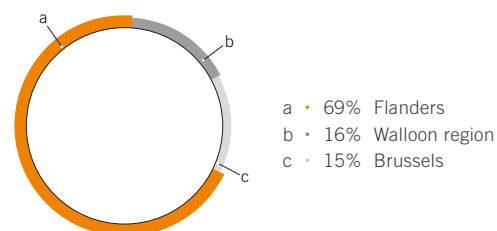
Property investment fund Vastned Retail Belgium focuses on an investment policy based on commercial real estate, with respect for criteria of risk spread in the real estate portfolio, relating to the type of building as well as to the geographic spread and the sector of the tenants.

On 30 June 2014 this risk spread is as follows:

Type of retail property

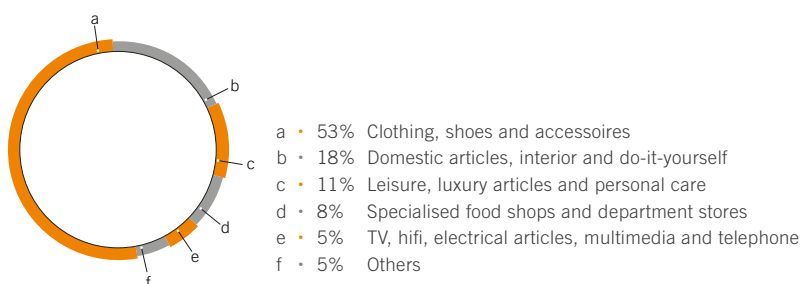


Geographic spread



Vastned Retail Belgium wishes in term to have approximately 65 % of its investments on top locations in the high streets of larger cities. Vastned Retail Belgium believes that these top locations guarantee the most authentic and unique experience and also provide most certainty as investment object on the long run.

Sector of tenants



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REAL ESTATE PATRIMONY	30.06.2014	31.12.2013	30.06.2013
Fair value of investment properties (€ 000)	358.710	361.678	357.925
Investment value of investment properties (€ 000)	367.678	370.720	366.873
Total leasable space (m ²)	143.805	146.962	149.873
Occupancy rate (%)	96,2 %	95,4 %	95,7 %
Occupancy rate except buildings under renovation (%)	96,7 %	96,0 %	96,3 %

On 30 June 2014, the fair value of the investment properties amounts to € 359 million (€ 362 million on 31 December 2013). The decrease in the first semester of 2014 is due mainly to the sale of three retail warehouses located in Hasselt and Wilrijk, with a fair of € 3,7 million on 31 December 2013.

The occupancy rate⁴ of the portfolio amounts to 96,2 % on 30 June 2014. The increase of 0,8 % compared to 31 December 2013 results from lettings, mainly in Philippeville and Vilvorde as well as from a temporary letting in Turnhout. The occupancy rate of the real estate portfolio except buildings under renovation amounts to 96,7 % on 30 June 2014 (96,0 % on 31 December 2013).

Valuation of the portfolio by the independent property experts on 30 June 2014:

PROPERTY EXPERT	Fair value investment properties (€ 000)
Cushman & Wakefield	177.860
CB Richard Ellis	180.850
TOTAL	358.710



Antwerp, Korte Gasthuisstraat - 145 m²

⁴ 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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1.3. Market situation of Belgian commercial real estate in 2014⁵

Rental market

Since the crisis which started in 2009, rental income on top locations, the so-called prime rents, has remained at comparable rental levels or even has increased on some top locations. Meanwhile, this rent increase seems to be tempered.

Turnovers of fashion retailers, largely present in retail parks as well as in high streets, are since several semesters under pressure resulting, as from the second semester of 2013, in a decrease of the rental activity and in a more critical attitude of candidate-tenants. Consequently, vacancy is in some circumstances difficult to resolve on secondary locations, often in smaller cities.

The decrease in rental activity is also noticeable during the last semesters on top locations in retail parks as well as in high streets. The demand remains active but the number of rental transactions has decreased. While in the past a strong demand always led to higher rental levels, the turnaround time for transactions is now longer than in the past and rental levels on top locations are also under pressure for the first time since the last semesters.

Investment market

Investors are still very interested in commercial real estate. The interest of investors goes to retail parks as well as high street shops where relatively few qualitative investment opportunities are available. Belgian private investors and property investment funds remain largely active in the retail market.

In the first semester of 2014 a transaction volume of approximately € 82 million has been realised for high street shops and approximately € 104 million for retail parks. These volumes are somewhat lower than the average transaction volumes. In 2013 the realised investment volume amounted to € 784 million.



Brussels, Avenue Louise - 245 m²

⁵ Source: 'Retail market Belgium Mid 2014' - Cushman & Wakefield

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1.4. Analysis of the results⁶

Rental income of Vastned Retail Belgium remains stable in the first semester of 2014 at € 10,9 million (€ 10,9 million). This is mainly due 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 to 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 amount to € 1,3 million for the first semester of 2014 (€ 1,1 million). The increase of € 0,2 million results from higher technical costs and commercial costs, mainly brokers' fee for lettings.

General costs remain at the same level as the first semester of previous financial year.

The **result on disposals of investment properties** amounts to € 0,2 million (€ 0 million) and comprises the gain realised on the sale of three retail warehouses in Hasselt and Wilrijk with a fair value of € 3,7 million (on 31 December 2013).

In the first semester of 2014 the fair value of the real estate portfolio has slightly increased. The **changes in fair value of investment properties** amount to € 0,7 million (€ 0,3 million).

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounts for the first semester of 2014 to - € 2,1 million (- € 2,5 million). The decrease of € 0,4 million results mainly from the start of interest rate swaps (for hedging credit facilities with variable interest rate) at lower interest rates than the interest rate of the interest rate swaps which have expired. The average interest rate of the property investment fund for the first semester of 2014 has decreased to 3,5 % including bank margins compared to 4,2 % for the first semester of 2013.

Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first semester of 2014 include the increase of the negative market value of interest rate swaps that, in line with IAS 39, cannot be classified as cash flow hedging instruments, for an amount of - € 1,0 million (€ 1,4 million).

The **net result** of property investment fund Vastned Retail Belgium amounts to € 6,7 million (€ 8,4 million) for the first semester of 2014 and can be divided in:

- ✓ the **operating distributable result** of € 6,8 million (€ 6,7 million) or an increase of € 0,1 million or approximately 1,5 %, mainly through the decrease of the financing costs as a result of interest rate swaps that start at lower interest rates, combined with stable rental income.
- ✓ The **result on portfolio** of € 0,8 million (€ 0,2 million)
- ✓ **Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 1,0 million (€ 1,5 million).

This represents **per share** for the first semester of 2014 an operating distributable result of € 1,34 (€ 1,32) or an increase of 1,5 %.

⁶ Between brackets comparable figures on 30 June 2013.

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KEY FIGURES PER SHARE	30.06.2014	31.12.2013	30.06.2013
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525
Net result (6 months/1 year/6 months) (€)	1,31	2,40	1,66
Operating distributable result (6 months/1 year/6 months) (€)	1,34	2,65	1,32
Net asset value (fair value) (€)	45,06	46,37	45,48
Net asset value (investment value) (€)	46,84	48,13	47,25
Share price on closing date (€)	54,11	52,40	51,13
Premium to net asset value (fair value) (%)	20 %	13 %	12 %

On 30 June 2014, the net asset value (fair value) of the share is € 45,06 (€ 46,37 on 31 December 2013). Given that the share price on 30 June 2014 is € 54,11, the share of Vastned Retail Belgium (VASTB) is quoted with a premium of 20 % compared to this net asset value (fair value).

The debt ratio of the property investment fund amounts to 35 % on 30 June 2014 (34 % on 31 December 2013), calculated in accordance with the Royal Decree of 7 December 2010. The increase comes from the dividend payment for financial year 2013 in May 2014 for an amount of € 13,5 million.

EPRA - KEY FIGURES ⁷	30.06.2014	31.12.2013	30.06.2013
EPRA Earnings per share (€)	1,35	2,66	1,33
EPRA NAV per share (€)	45,94	47,08	46,37
EPRA NNNNAV per share (€)	44,98	46,31	45,44
EPRA Net Initial Yield (NIY) (%)	5,2 %	5,2 %	5,3 %
EPRA Topped-up NIY (%)	5,4 %	5,3 %	5,4 %
EPRA Vacancy rate ⁸ (%)	3,4 %	4,1 %	3,7 %
EPRA Cost Ratio (including direct vacancy costs)	17,9 %	15,8 %	15,7 %
EPRA Cost Ratio (excluding direct vacancy costs)	16,9 %	15,1 %	15,0 %

⁷ The auditor has verified if the "EPRA Earnings", "EPRA NAV" and "EPRA NNNNAV" ratios are calculated according to the EPRA BPR definitions of August 2011, and if the financial data used for the calculation of these ratios correspond to the accounting data of the consolidated financial statement.

⁸ Taking into account real estate properties under renovation.

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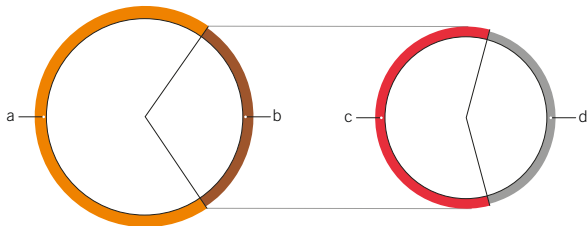
1.5. Financial structure on 30 June 2014

On 30 June 2014, Vastned Retail Belgium has a conservative financial structure allowing it to continue to carry out its activities in 2014.

The most important characteristics of the financial structure on 30 June 2014 are:

- ✓ Amount of withdrawn financial debts: € 125 million (excluding the market value of financial derivatives)
- ✓ 69 % of credit lines are long-term financings with an average remaining duration of 2,6 years. 31 % of the credit lines are short-term financings of which 13 % credit facilities with an unlimited duration (€ 17,4 million) and 18 % a credit facility expiring in the first quarter of 2015 (€ 25 million). In financial year 2014 Vastned Retail Belgium does not need to carry out any refinancing of its credit facilities.

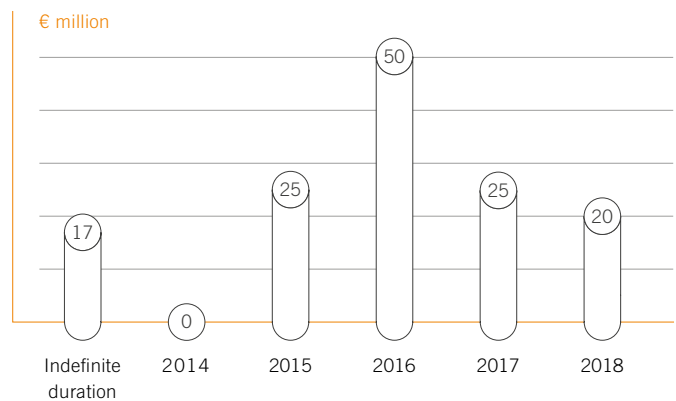
Balance between long-term and short-term financings



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

- ✓ Well-spread expiry dates of credit facilities between 2015 and 2018

Expiry calendar credit lines



- ✓ Spread of credit facilities over 5 European financial institutions
- ✓ € 13 million of available non-withdrawn credit lines to meet the fluctuations of liquidity needs and for financing future investments
- ✓ 72 % of the withdrawn credit facilities have a fixed interest rate, 28 % have a variable interest rate
- ✓ Fixed interest rates are fixed for a remaining period of 3,7 years in average
- ✓ Average interest rate for the first semester of 2014: 3,5 % including bank margins (4,2 % for the first semester 2013)
- ✓ Value of financial derivatives: € 4,4 million negative
- ✓ Limited debt ratio of 35 % (34 % on 31 December 2013) (legal maximum: 65 %)

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1.6. Risks for the remaining months of 2014

Vastned Retail Belgium estimates the main risk factors and uncertainties for the remaining months of the financial year 2014 as follows:

- ✓ **Rental risks:** Given the nature of the buildings which are mainly let to national and international retailers, the real estate portfolio is to a certain degree sensitive to the economic situation. However in the short term no direct risks are recognised that can fundamentally influence the results of financial year 2014. Furthermore, within the property investment fund, there are clear and efficient internal control procedures to limit this risk.
- ✓ **Evolution of the value of the portfolio:** The value of the investment properties of Vastned Retail Belgium is to a certain degree sensitive to the economic situation. Apart from absolute top locations, vacancy risk has increased due the current economic situation. This increased risk can lead to a decrease in value of the real estate portfolio in the second semester of 2014.
- ✓ **Evolution of the interest rates:** Due to the financing with borrowed capital, the return of the property investment fund depends on the evolution of the interest rate. To limit this risk an appropriate ratio between borrowed capital with variable interest rate and borrowed capital with fixed interest rate is pursued at the composition of the credit facilities portfolio. On 30 June 2014, 72 % of the credit facilities portfolio consist of loans with a fixed interest rate or fixed through interest rate swaps. 28 % of the credit facilities portfolio has a variable interest rate which is subject to (un)foreseen rises of the currently low interest rates.



Antwerp, Meir - 583 m²

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1.7. Forecast for 2014

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 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 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.

The property investment fund is mildly optimistic when it comes to future rental growth. A number of prime locations definitely have the potential for sizable 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.

Based on the half-yearly results and the forecasts on 30 June 2014, Vastned Retail Belgium estimates to be able to propose its shareholders a gross dividend per share between € 2,63 and € 2,73 (compared to € 2,65 for financial year 2013). This represents a gross dividend yield of approximately 5,0 %, based on the closing share price on 30 June 2014 (€ 54,11).

Pursuant to the publication of the Act of 12 May 2014 regarding B-REITS and the Royal Decree of 16 July 2014 on B-REITS, Vastned Retail Belgium considers to change its status and to apply for the one of B-REIT.

In the first place Vastned Retail Belgium aims to position itself as a REIT in order to improve its visibility and concept towards new international investors and to avoid to fall under the regime of "Alternative investment fund", a qualification which will apply from now on to property investment funds. This would signify that the economic model of an alternative investment fund, subject to the Act of 19 April 2014 regarding alternative funds for collective property investment and their managers, whereby the AIFM rule is transposed, has to be respected.

Consequently Vastned Retail Belgium will introduce its demand for changing its status by the FSMA and convoke an extraordinary general meeting in view of the modification of its status (under certain suspending conditions, among which the licence as public B-REIT by the FSMA and the condition that the total number of shares exited is less than the still pre-defined percentage).

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2. Condensed consolidated half-yearly figures

2.1. Condensed consolidated income statement

in thousands €	30.06.2014	30.06.2013
Rental income	10.901	10.894
Rental-related expenses	-77	-64
NET RENTAL INCOME	10.824	10.830
Recovery of rental charges and taxes normally payable by tenants on let properties	289	312
Rental charges and taxes normally payable by tenants on let properties	-289	-312
Other rental-related income and expenses	20	15
PROPERTY RESULT	10.844	10.845
Technical costs	-319	-260
Commercial costs	-197	-86
Charges and taxes on unlet properties	-112	-83
Property management costs	-629	-632
Other property charges	-89	-81
PROPERTY CHARGES	-1.346	-1.142
OPERATING PROPERTY RESULT	9.498	9.703
General costs	-557	-525
Other operating income and costs	34	62
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	8.975	9.240
Result on disposals of investment properties	179	-46
Changes in fair value of investment properties	695	282
Other result on portfolio	-101	-2
OPERATING RESULT	9.748	9.474
Net interest charges	-2.098	-2.485
Other financial charges	-6	-6
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-978	1.442
FINANCIAL RESULT	-3.082	-1.049
RESULT BEFORE TAXES	6.666	8.425
Taxes	-15	-18
NET RESULT	6.651	8.407

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2.1. Condensed consolidated income statement (continued)

in thousands €	30.06.2014	30.06.2013
NET RESULT	6.651	8.407
Note:		
Operating distributable result	6.818	6.702
Result on portfolio	773	234
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-940	1.471
Attributable to:		
Equity holders of the parent company	6.651	8.407
Minority interests	0	0
RESULTS PER SHARE	30.06.2014	30.06.2013
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	1,31	1,66
Diluted net result (€)	1,31	1,66
Operating distributable result (€)	1,34	1,32

2.2. Condensed consolidated statement of comprehensive income

in thousands €	30.06.2014	30.06.2013
NET RESULT	6.651	8.407
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	156	791
COMPREHENSIVE INCOME	6.807	9.198
Attributable to:		
Equity holders of the parent company	6.807	9.198
Minority interests	0	0

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2.3. Condensed consolidated balance sheet

ASSETS in thousands €	30.06.2014	31.12.2013
Non-current assets	359.242	362.265
Intangible assets	5	7
Investment properties	358.710	361.678
Other tangible assets	524	560
Non-current financial assets	0	17
Trade receivables and other non-current assets	3	3
Current assets	2.735	2.768
Trade receivables	331	173
Tax receivables and other current assets	105	91
Cash and cash equivalents	1.590	1.860
Deferred charges and accrued income	709	644
TOTAL ASSETS	361.977	365.033

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2.3. Condensed consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.06.2014	31.12.2013
Shareholders' equity	228.816	235.467
Shareholders' equity attributable to the shareholders of the parent company	228.816	235.467
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	120.769	121.877
Net result of the financial year	6.651	12.194
Minority interests	0	0
Liabilities	133.161	129.566
Non-current liabilities	94.850	116.965
Non-current financial debts	90.409	113.712
<i>Credit institutions</i>	90.400	113.700
<i>Financial lease</i>	9	12
Other non-current financial liabilities	4.251	3.106
Other non-current liabilities	133	109
Deferred taxes - liabilities	57	38
Current liabilities	38.311	12.601
Current financial debts	34.406	8.405
<i>Credit institutions</i>	34.400	8.400
<i>Financial lease</i>	6	5
Other current financial liabilities	182	521
Trade debts and other current debts	2.332	2.576
Other current liabilities	149	175
Accrued charges and deferred income	1.242	924
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	361.977	365.033

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2.4. Condensed consolidated cash flow statement

in thousands €	30.06.2014	30.06.2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1.860	216
1. Cash flow from operating activities	6.625	6.182
Operating result	9.748	9.474
Interests paid	-2.027	-2.440
Other non-operating elements	-1.043	1.354
Adjustment of result for non-cash flow transactions	152	-1.612
✓ Depreciations on intangible and other tangible assets	37	41
✓ Result on disposals of investment properties	-179	46
✓ Spread of rental discounts and benefits granted to tenants	-91	22
✓ Changes in fair value of investment properties	-695	-282
✓ Other result on portfolio	101	2
✓ Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	979	-1.442
✓ Other non-cash flow transactions	0	1
Changes in working capital	-205	-594
✓ Movement of assets	-227	-213
✓ Movement of liabilities	22	-381
2. Cash flow from investment activities	3.842	2.326
Acquisitions of intangible and other tangible assets	0	-66
Investments in existing investment properties	-46	-144
Proceeds of disposals of investment properties	3.897	2.614
Prepaid investment invoices	-9	-78
3. Cash flow from financing activities	-10.737	-8.206
Repayment of loans	0	-12.394
Drawdown of loans	2.700	17.500
Repayment of financial lease liabilities	-3	-3
Receipts from non-current liabilities as guarantee	24	-3
Dividend paid	-13.458	-13.306
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	1.590	518

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2.5. Condensed statement of changes in consolidated equity

in thousands €	Share capital	Share premium	Reserves	Net result of financial year	Total shareholders' equity
Balance at 31 December 2012	97.213	4.183	115.020	18.664	235.080
Comprehensive income of first semester 2013			791	8.407	9.198
Transfers through result allocation 2012:					
Transfer from result on portfolio to reserves			7.415	-7.415	0
Transfer of changes in fair value of financial assets and liabilities			-2.090	2.090	0
Other mutations			33	-33	0
Dividends financial year 2012				-13.306	-13.306
Balance at 30 June 2013	97.213	4.183	121.169	8.407	230.972
Balance at 31 December 2013	97.213	4.183	121.877	12.194	235.467
Comprehensive income of first semester 2014			156	6.651	6.807
Transfers through result allocation 2013:					
Transfer from result on portfolio to reserves			-2.911	2.911	0
Transfer of changes in fair value of financial assets and liabilities			1.586	-1.586	0
Other mutations			61	-61	0
Dividends financial year 2013				-13.458	-13.458
Balance at 30 June 2014	97.213	4.183	120.769	6.651	228.816

2.6. Notes to the condensed consolidated half-yearly figures

Condensed consolidated segmented income statement

BUSINESS SEGMENT in thousands €	High street shops		Retail warehouses & shopping centres		Corporate		Total	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Rental income	5.554	5.429	5.347	5.465			10.901	10.894
Rental-related expenses	-20	-15	-57	-49			-77	-64
Property management costs and income	-1	-1	21	16			20	15
PROPERTY RESULT	5.533	5.413	5.311	5.432			10.844	10.845
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	5.073	5.180	4.989	5.080			8.975	9.240
Result on disposals of investment properties	0	0	179	-46			179	-46
Changes in fair value of investment properties	1.044	753	-349	-471			695	282
Other result on portfolio	-73	22	-28	-24			-101	-2
OPERATING RESULT OF THE SEGMENT	6.044	5.955	4.791	4.539			9.748	9.474
Financial result							-3.082	-1.049
Taxes							-15	-18
NET RESULT	6.044	5.955	4.791	4.539			6.651	8.407
BUSINESS SEGMENT: KEY FIGURES in thousands €	High street shops		Retail warehouses & shopping centres		Corporate		Total	
Fair value of investment properties	212.430	202.087	146.280	155.838			358.710	357.925
Investment value of investment properties	217.741	207.139	149.937	159.734			367.678	366.873
Total leasable space (m ²)	33.675	33.573	110.130	116.300			143.805	149.873
Occupancy rate (%)	97,2 %	95,4 %	95,1 %	96,0 %			96,2 %	95,7 %

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Principles for preparation of half-yearly figures

The consolidated condensed half-yearly figures are prepared on the basis of the principles of financial information in accordance with IAS 34 "Interim financial information". In these condensed half-yearly figures the same principles of financial information and calculation methods are used as those used for the consolidated annual accounts on 31 December 2013.

New or amended standards and interpretations effective for financial year taking effect on 1 January 2014

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

Disclosed standards and interpretations not yet effective in 2014

Following amendments which are applicable as of next year or later, are not expected to have an impact on the presentation, notes or financial results of the property investment fund: IFRS 9 Financial Instruments and subsequent amendments; IFRS 14 Regulatory Deferral Accounts (1/1/2016); IFRS 15 Revenue from Contracts with Customers (1/1/2017); Improvements to IFRS (2010-2012) (1/7/2014); Improvements to IFRS (2011-2013) (1/7/2014); Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (1/1/2016); Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (1/1/2016); Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (1/1/2016); Amendments to IAS 19 Employee Benefits – Employee Contributions (1/7/2014); IFRIC 21 – Levies (1/7/2014).

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Evolution of investment properties

in thousands €	30.06.2014			30.06.2013		
	High street shops	Retail warehouses & shopping centres	Total	High street shops	Retail warehouses & shopping centres	Total
Balance at 1 January	211.386	150.292	361.678	201.202	157.981	359.183
Investments in existing investment properties	0	45	45	144	0	144
Disposals of investment properties	0	-3.708	-3.708	0	-1.684	-1.684
Changes in fair value of investment properties	1.044	-349	695	741	-459	282
Balance at 30 June	212.430	146.280	358.710	202.087	155.838	357.925
OTHER INFORMATION						
Investment value of real estate properties	217.741	149.937	367.678	207.139	159.734	366.873

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.

Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the lease contracts has on 30 June 2014 the following collection terms:

in thousands €	30.06.2014	30.06.2013
Receivables with a remaining duration of:		
Less than one year	20.894	20.168
Between one and five years	24.368	24.856
More than five years	179	280
Total of future minimum rental income	45.441	45.304

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Non-current and current liabilities

An update of the financial structure on 30 June 2014 is provided in paragraph 1.5. (supra) of the interim management report.

In the first semester of 2014 no new credit facility agreement has been concluded.

In the first semester of 2014 the property investment fund has purchased a forward interest rate swap for a notional amount of € 15 million and a term of 5 years as from 1 October 2014. This interest coverage is realised at 0,72 % which is substantially lower than the interest rate of the current swap at 3,02 %.

Financial instruments

The major financial instruments of Vastned Retail Belgium consist of financial and commercial receivables and debts, cash and cash equivalents as well as financial instruments of the interest rate swap type (IRS).

Summary of the financial instruments (in thousands €)	Categories	Level	30.06.2014		31.12.2013	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments: assets						
Non-current assets						
Financial fixed assets	C	2	0	0	17	17
Trade receivables and other non-current assets	A	2	3	3	3	3
Current assets						
Trade receivables	A	2	331	331	173	173
Tax receivables and other current assets	A	2	105	105	91	91
Cash and cash equivalents	B	2	1.590	1.590	1.860	1.860
Financial instruments: liabilities						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	90.409	90.788	113.712	113.933
Other non-current financial liabilities	C	2	4.251	4.251	3.106	3.106
Other non-current liabilities	A	2	133	133	109	109
Current liabilities						
Current financial debts (interest-bearing)	A	2	34.406	34.406	8.405	8.405
Other current financial liabilities	C	2	182	182	521	521
Trade debts and other current debts	A	2	2.332	2.332	2.576	2.576
Other current liabilities	A	2	149	149	175	175

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The categories correspond to the following financial instruments:

- A. Financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost.
- B. Investments held to maturity and measured at amortised cost.
- C. Assets and liabilities held at fair value through profit and loss, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recognised at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- ✓ Level 1: measurement is based on quoted market prices in active markets
- ✓ Level 2: measurement is based on (externally) observable information, either directly or indirectly
- ✓ Level 3: measurement is based either fully or partially on information that is not (externally) observable

The financial instruments of Vastned Retail Belgium correspond to level 2 of the fair value hierarchy. The following techniques are used to measure the fair value of level 2 financial instruments:

- ✓ For the items 'Financial fixed assets', '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.

Related parties

No modifications has occurred during the first semester of 2014 regarding the type of transactions with related parting compared to the description in note 21 of the Financial report of the Annual report 2013.

Off-balance sheet obligations

In the first semester of 2014, there have been no changes in the off-balance sheet obligations as described in note 24 of the Financial report of the Annual report 2013.

Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 30 June 2014.

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2.7. Statutory auditor's report

VASTNED RETAIL BELGIUM SA,
PUBLIC PROPERTY INVESTMENT FUND UNDER BELGIAN LAW

REPORT ON REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed balance sheet as at 30 June 2014, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Vastned Retail Belgium SA, public property investment fund under Belgian law ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 361.977 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the year then ended of 6.651 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Vastned Retail Belgium SA, public property investment fund under Belgian law has not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

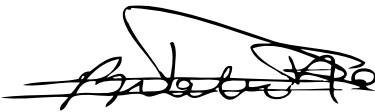
Antwerp, 28 July 2014

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by



Kathleen De Brabander

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3. Statement to the half-yearly financial report

In accordance with article 13 § 2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), Nick van Ommen, EMSO sprl, permanently represented by Chris Peeters, Hubert Roovers, Tom de Witte and Taco de Groot, declare that according to its knowledge,

- a) the condensed half-yearly figures, prepared in accordance with the principles of financial information in accordance with IFRS and in accordance with IAS 34 "*Interim Financial Information*" as accepted by the European Union, give a true and fair view of the equity, the financial position and the results of Intervest Retail and the companies included in the consolidation
- b) the interim management report gives a true statement of the main events which occurred during the first six months of the current financial year, their influence on the condensed half-yearly figures, the main risk factors and uncertainties regarding the remaining months of the financial year, as well as the main transactions between related parties and their possible effect on the condensed half-yearly figures if these transactions should have a significant importance and were not concluded at normal market conditions.

These condensed half-yearly figures have been approved for publication by the board of directors of 28 July 2014.

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

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