

2022



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Positive net result and a stable valuation of the real estate portfolio

- Vastned Belgium achieves a positive net result of € 8.2 million.
- Real estate portfolio stable in value compared to the previous financial year.
- High occupancy rate of 98.8% underlines the quality of the real estate portfolio.
- High stable collection rate (99.5%) of rental income during the first half of 2022.
- € 37.3 million of unused credit facilities available.
- Low debt ratio of 28.2% offers sufficient headroom for future investments.

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1. Interim half-yearly report for the first semester of 2022

1.1. Economic developments

Since February 2022, the population has been confronted with the war in Ukraine, which has significant consequences for the economy. This war causes unprecedentedly high inflation (9.65% in June 2022 - the highest rate since October 1982), further disruption of supply chains, a decline in consumer confidence and unease in economic markets. Due to the economic sanctions against Russia, several companies have left the country. Russia, on the other hand, continues to threaten to stop gas supplies to Europe, leading to a further rise in energy prices and increasing inflation as a result. This inflation will ultimately translate into rising wage costs.

Rising inflation and economic uncertainty were reflected in the financial markets through volatile stock prices and volatile long-term interest rates. Investors worry that central banks will raise interest rates further to curb rising inflation.

Vastned Belgium is currently affected to a limited extent by this economic uncertainty, among other things due to rising inflation. The Company continues to operate on a solid basis due to a stable, low, debt ratio and the availability of unused credit facilities. The existing credit facilities are also guaranteed for a weighted average term of 2.0 years.

1.2. Covid-19 update

The COVID-19 pandemic was brought under control in the first half of 2022, with all COVID-19 measures being lifted on 7 March 2022. The abolition of the measures gave cause for optimism among the population and led to a rising number of visitors in the shopping cities. A trend that was also confirmed by large (listed) retailers who reported significant increases in the number of visitors to physical stores.

In contrast to the comparable period previous year, the COVID-19 pandemic did not affect Vastned Belgium's

rental income over the first half of 2022. In the first half of 2021, Vastned Belgium made an arrangement with the tenants of hospitality units for the period of mandatory closure. This arrangement corresponded to approximately 50% of the rental income for the period concerned, which had an impact of € 0.2 million on the rental income collected during the first half of 2021.

The Company was able to collect 99.5% of the rental income for the first half of 2022¹.

¹) Calculation as at 1 July 2022.

1.3. Operating result

In the first half of 2022, rental income increased by € 0.2 million compared to the same period in the previous financial year. This increase was the result of various effects that have neutralised one another. On the one hand, rental income increased due to a higher occupancy rate, COVID-19 rental waivers were no longer granted and the indexation of existing rental agreements. On the other hand, rental income decreased due to the sale of three (3) non-strategic retail properties in the course of 2021, and non-recurring rental income (termination fees) received in the first quarter of the previous financial year.

Vastned Belgium's EPRA earnings amount to € 6.3 million for the first half of 2022 compared to € 6.6 million over the same period of the previous financial year. This decrease is the result of exceptional costs, worth € 0.3 million, following an intended transaction by the Dutch reference shareholder Vastned Retail N.V., with the intended result of delisting Vastned Belgium. Discussions on the initiated transaction were terminated due to rapidly changing market conditions.

Per share, this amounts to EPRA earnings of € 1.25 compared to € 1.31 in the first half of the previous financial year.

1.4. Rental activities

Vastned Belgium concluded twelve (12) rental agreements in the first half of 2022, representing a total rental volume of € 0.9 million. This corresponds to approximately 5.0% of Vastned Belgium's total rental income. In the current economic environment, which is heavily impacted by rising inflation figures and economic uncertainty, the conclusion of these 12 rental agreements is the result of the good work of a committed asset management department.

In total, eight (8) new lease agreements were concluded, of which five (5) were commercial lease agreements, two (2) were agreements with residential tenants and one (1) was a pop-up agreement. In addition, three (3) rental agreements, with existing pop-up tenants, were renewed and one (1) commercial lease agreement was renewed. The rental prices negotiated by Vastned Belgium are in line with the market rental figures determined by valuation experts.



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1.5. Composition and evolution of the real estate portfolio

The majority of the real estate portfolio consists, as at 30 June 2022, of high-quality inner-city properties located in the cities of Antwerp, Brussels, Ghent and Bruges, as well as high-quality retail parks and retail warehouses.

As at 30 June 2022, the fair value of the investment properties of Vastned Belgium amounted to € 314.6 million, which is a slight increase compared to the fair value at the end of the previous financial year (€ 314.5 million as at 31 December 2021). The increase in the real estate portfolio, in the first half of 2022, was partly offset by a limited impairment of the fair value of the IFRS 16 right-of-use assets.

Investment properties

Real estate portfolio

	30.06.2022	31.12.2021
Fair value of the real estate portfolio (€ 000)	314,643	314,543
Total leasable space (m ²)	76,086	76,086

The average yield in the real estate company's portfolio amounted to 5.78% on 30 June 2022, which is in line with the average yield as at the end of the previous financial year (5.78% as at 31 December 2021).

Sensitivity analysis

In the case of a hypothetical negative adjustment of the yield as used by property experts in valuing the Company's real estate portfolio (yield or capitalisation rate) by 1.0% (from 5.78% to 6.78% on average), the fair value of the investment properties would decrease by € -46.4 million or -14.7%. This would increase the Company's debt ratio by 4.8% to 33.0%.

In the reverse case of a hypothetical positive adjustment of this yield by 1.0% (from 5.78% to 4.78% on average), the fair value of the investment properties would increase by € 65.8 million or 20.9%. This would reduce the Company's debt ratio by -4.8% to 23.4%.

In the case of a hypothetical decline in the current passing rents of the Company (with equal yield) of € 1.0 million

(from € 18.2 million to € 17.2 million), the fair value of the investment properties would decrease by € -17.3 million or -5.5%. This would increase the Company's debt ratio by 1.6% to 29.8%.

In the reverse case of a hypothetical increase in the current passing rents of the Company (with equal yield) of € 1.0 million (from € 18.2 million to € 19.2 million), the fair value of the investment properties would increase by € 17.3 million or 5.5%. This would reduce the Company's debt ratio by -1.4% to approximately 26.8%.

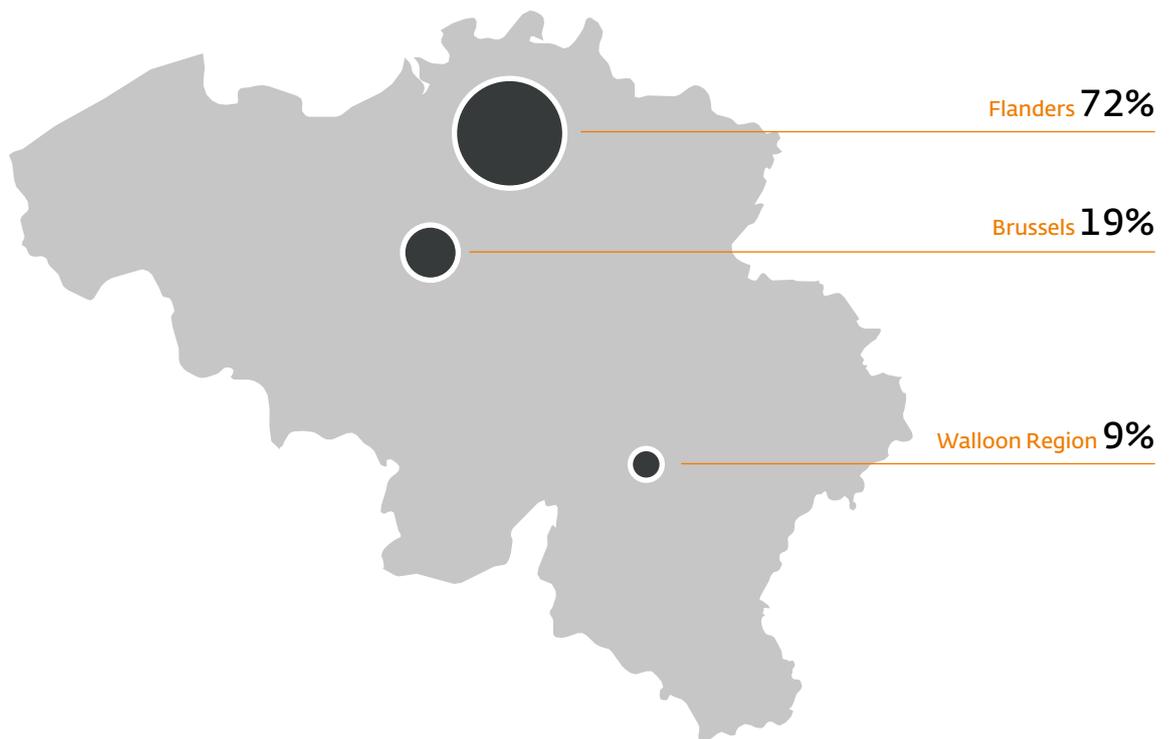
There is a correlation between the evolutions of the current passing rents and the yields used in the estimates of the investment properties. This correlation is disregarded in above sensitivity analysis.

Investment policy and risk spread of the real estate portfolio

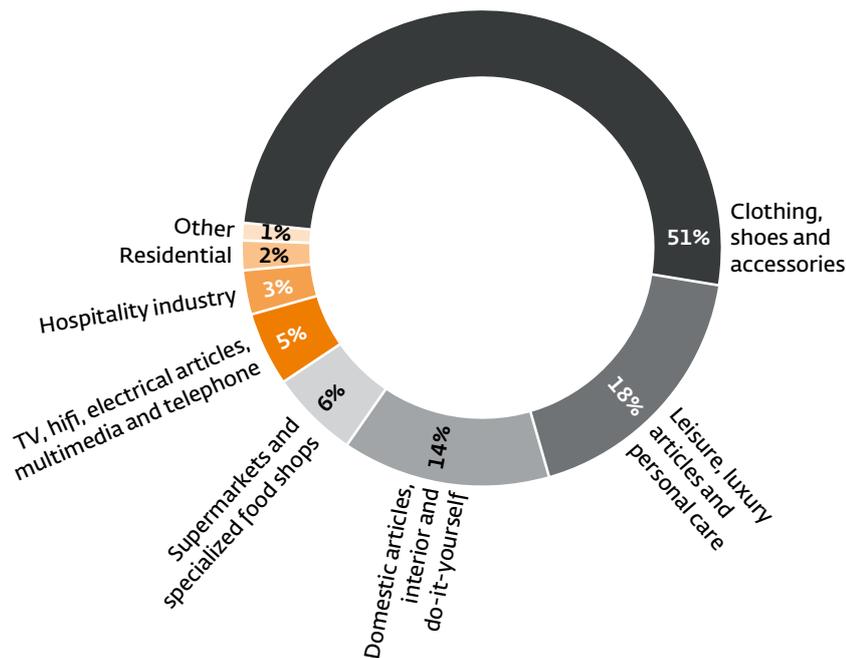
Vastned Belgium's investment policy concentrates on multi-functional retail properties in Belgium, more specifically in the popular shopping cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also comprises high-end retail parks and retail warehouses.

The following criteria are important for spreading the risk of the real estate portfolio: the geographical location and the sector and quality of the tenants. The risk spread is summarised as follows on 30 June 2022:

Geographical spread



Spread according to sector and quality of the tenants



1.6. Investments

In the months ahead, the Company will continue to seek new investment opportunities that fit within Vastned Belgium's strategy. Given the available unused credit facilities, the Company will be able to move quickly when a suitable investment object is presented. It is however the case that, in the current market conditions which are characterised by economic uncertainty, and with a changing retail environment and rising interest rates, finding suitable investments remains challenging.

In the first half of 2022, Vastned Belgium invested € 0.05 million in an existing retail property.

1.7. Occupancy rate²

Occupancy rate	30.06.2022	31.12.2021
Occupancy rate of the real estate portfolio	98.8%	99.3%

The occupancy rate of the real estate portfolio amounted to 98.8% as at 30 June 2022, a decrease of -0.5% compared to 31 December 2021 (99.3%), but remains high. This minimal decrease is a result of a bankruptcy of one tenant in the first half of 2022. This stable, high, occupancy rate shows the quality of the real estate portfolio.

The asset management department is maintaining close contact with retailers and real estate agents for the letting of vacant units.

1.8. Valuation of the portfolio by the independent property experts as at 30 June 2022

In the first half of 2022, all properties of Vastned Belgium were valued partly by Cushman & Wakefield and partly by CBRE Belgium. The total fair value of the real estate portfolio amounted to € 314.6 million, including IFRS 16 right-of-use assets, at the end of the first half of 2022. The value of the IFRS 16 right-of-use assets amounts to € 0.2 million.

In the report of 30 June 2022, the fair value of the properties amounts to:

Property expert	Fair value of investment properties (€ 000)
Cushman & Wakefield	159,440
CBRE Group	155,203
Total	314,643

The independent property experts have included in their valuation report an explanatory note about the war in Ukraine, the rising inflation and the increased market volatility. The independent property experts hereby confirm that the Belgian property markets were generally functioning well at the valuation date. This means that transaction volumes and other relevant data are again

returning to levels that provide a sufficient amount of market data on which to base valuation judgements. However, both property experts wish to emphasise the importance of the valuation date, as consumer and investment confidence can change rapidly in times of increased volatility.

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

1.9. State of the Belgian retail real estate market in 2022³

In recent years, the Belgian retail real estate market has been under enormous pressure due to the mandatory closures following the COVID-19 pandemic, the growth of e-commerce and rising energy prices. Inner-city shopping streets were standing in the eye of this storm, whereas shopping streets in major city centers showed sufficient resistance.

During the first semester of 2022, the number of retailers in the city center decreased. Despite the decline in the number of fashion retailers, there is no increased vacancy, partly as a result of new hospitality concepts that are establishing themselves in the city centre. This trend is particularly pronounced in city centres that have breathed new life into their core shopping areas (e.g. Mechelen).

E-commerce experienced significant growth during the COVID-19 pandemic, yet this growth could not be sustained by most players. This became clear in June 2022 when listed e-commerce players issued profit warnings. Listed retailers, on the other hand, showed significant sales increases (exceeding analyst expectations), with the largest revenue increases being achieved in brick-and-mortar stores.

Finally, a survey conducted by Comeos⁴, showed that the centre of gravity for clothing purchases is again moving away from online to the brick-and-mortar stores. Thus, 73% of Belgians say they would like to buy clothes in physical shops, as the consumer can try them on and take them home immediately. Combined with the rise of the hospitality industry in the shopping streets of city centers, a day of shopping in the city center once again guarantees a fun day out.

Rental market

The leasing of retail property showed a new increase in the first half of 2022, amounting to 242,000 m², compared to 214,500 m² in the same period of the previous year. The increase compared to the previous year amounts to 13%, which is 40% above the average of the last ten (10) years.

The increase was most visible in the inner cities, where take-up rose by 31% to 58,000 m². A number of major fashion chains such as Zara, New Yorker and JD Sports ensured this strong take-up. The average leased area in the High Streets again rose from 238 m² to 299 m², as a result of large fashion chains once more opting for a more expansive policy. The retail warehouse segment underwent a rather modest growth of 9%, where leases were primarily realised in the existing retail parks.

In total, 419 rental transactions were completed during the first half of 2022: 194 in the High Streets, 89 in Shopping Centres, 136 in Out-of-Town retail and 36 pop-ups. The most active retailers are Jumbo, Basic-Fit, Batopin and JBC.

Investment market

The investment volume in retail real estate increased to € 300.0 million in the first half of 2022, bringing it up to the same level as before the COVID-19 pandemic. The investments were mainly (80% of the total investment volume) in the out-of-town segment of retail warehouses and retail parks. Retail parks were particularly in demand here, as were standalone supermarkets.

The inner-city retail real estate segment accounted for the remaining 20% of the investment volume, a decrease of 45% compared to the same period of the previous year. However, the figures for the first half of 2021 were affected by the sale of the Uniqlo shop in Elsene. We will have to wait for a first large deal before we can get a clear picture of the highest yields in the High Streets.

³) The market information is partly based on the following sources: Retail Focus – various issues January - June 2022; De Tijd – Retail analysis.

⁴) <https://www.comeos.be/pressrelease/573256/Onderzoek-e-commerce-na-corona>.

2. Financial results for the first semester of 2022

Condensed consolidated statement of profit or loss

(in thousands €)	30.06.2022	30.06.2021
Rental income	8,593	8,423
Rental-related expenses	25	187
NET RENTAL INCOME	8,618	8,610
Recovery of rental charges and taxes normally payable by tenants on let properties	1,076	1,127
Rental charges and taxes normally payable by tenants on let properties	-1,076	-1,127
Other rental-related income and expenses	45	125
PROPERTY RESULT	8,663	8,735
Technical costs	-135	-142
Commercial costs	-150	-107
Charges and taxes on unlet properties	-61	-97
Property management costs	-432	-449
Other property charges	-35	-37
Property charges	-813	-832
OPERATING PROPERTY RESULT	7,850	7,903
General costs	-730	-452
Other operating income and costs	4	4
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	7,124	7,455
Result on disposal of investment properties	0	398
Changes in fair value of investment properties	23	-7,781
Other result on portfolio ⁵	84	96
OPERATING RESULT	7,231	168
Financial income	0	0
Net interest charges	-776	-801
Other financial charges	-1	-3
Changes in fair value of financial instruments	1,811	336
Financial results	1,034	-468
RESULT BEFORE TAXES	8,265	-300
Taxes ⁵	-32	-63
NET RESULT	8,233	-363

⁵ Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

	30.06.2022	30.06.2021
NET RESULT	8,233	-363
Note:		
• EPRA earnings	6,349	6,634
• Result on portfolio	107	-7,287
• Changes in fair value of financial instruments	1,811	336
• Taxes: deferred taxes ⁵	-22	-43
• Non-distributable result subsidiaries	-12	-3
Attributable to:		
• Shareholders of the parent company	8,233	-363
• Minority interests	0	0
	30.06.2022	30.06.2021
BALANCE SHEET INFORMATION PER SHARE		
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	1.62	-0.07
Diluted net result (€)	1.62	-0.07
EPRA earnings (€)	1.25	1.31

2.1. Analysis of the results ⁶

The **rental income** of Vastned Belgium amounted to € 8.6 million for the first half of 2022, a decrease of € 0.2 million compared to the same period of the previous financial year (€ 8.4 million). The slight increase in rental income is the result of various effects that have neutralised one another. On the one hand, rental income increased due to a higher occupancy rate, COVID-19 rental waivers were no longer granted and the indexation of existing rental agreements. On the other hand, rental income decreased due to the sale of three (3) non-strategic retail properties in the course of 2021 and non-recurring rental income (termination fees) received in the first half of the previous financial year.

In the first half of 2022, Vastned Belgium had a higher occupancy rate compared to the same period in previous financial year, which resulted in an increase in rental income of € 0.1 million. Furthermore, in contrast to the same period of the previous financial year, no COVID-19 rental waivers were granted in the first half of 2022, causing the rental income to further increase by € 0.2 million. The indexation of existing rental agreements resulted in an increase in rental income of € 0.2 million.

Due to the sale of three (3) non-strategic retail properties (Boechout, Grivegnée and Leopoldsburg) rental income in the first half of 2022 decreased by € -0.2 million compared to the same period last year. Finally, rental income fell by € -0.1 million as a result of non-recurring payments received in the previous financial year due to the early termination of rental agreements.

Rental-related expenses relate to the reversal of the provision for potential losses on outstanding trade receivables. Compared to the equivalent period last year, rental-related expenses decreased by € -0.2 million. This decrease is a result of the reversal, in the first half of 2021, of rental waivers that were definitively granted for the second lockdown (at that time accounted for under rental income). In the first half of 2022, only a limited reversal of the expected credit losses was recognised in accordance with IFRS 9 'Financial instruments'.

In the first half of the previous financial year, Vastned Belgium recognised one-off income (€ 0.1 million) under the heading **other rent-related income and expenses**. This income pertains to money received by Vastned Belgium from the conclusion of bankruptcies. The bankruptcies themselves date from before 2021.

⁵ Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

⁶ The comparable figures for 30 June 2021 are parenthesised.

Property charges amounted to € 0.8 million and were in line with the comparable period of the previous financial year. The slight increase in commercial costs, a consequence of the increased rental activity, was offset by a decrease in charges and taxes on unlet properties. The decrease in charges and taxes on unlet properties was a result of the high occupancy rate during the first half of 2022.

The **general costs and other operating income and costs** amounted to € 0.7 million and have increased by € 0.3 million compared to the same period in the previous financial year. This increase is the result of exceptional costs, connected with an intended transaction by the Dutch reference shareholder Vastned Retail N.V., with the intended result of delisting Vastned Belgium. Discussions on the initiated transaction were terminated due to rapidly changing market conditions.

In 2022, Vastned Belgium did not sell any investment properties, whereas in the first half of 2021 a capital gain (€ 0.4 million) was realised on the divestment of the retail warehouses in Boechout and Grivegnée.

The fair value of Vastned Belgium's existing real estate portfolio⁷ remained stable in the first half of 2022 compared to the first half of 2021. The **changes in fair value of investment properties** are positive for an amount of € 0.02 million (€ -7.8 million). In the first half of 2021, there was a significant decrease in the fair value of the investment properties, a consequence of a decrease in estimated market rents and an increase in the capitalisation rate. These decreases in value came to an end in the current financial year and the value of the real estate portfolio further stabilised.

The **financial result** (excl. changes in the fair value of financial instruments) amounted to € -0.8 million for the first half of 2022, which puts it entirely in line with the same period last year (€ -0.8 million). The average interest rate for financing amounts to 1.85%, including bank margins for 2022 (1.76%).

The **changes in the fair value of financial instruments** include a further decrease in the negative market value of the interest rate swaps that cannot be classified as cash flow hedging instruments in accordance with IFRS 9 '*Financial Instruments*'. This decrease amounts to € 1.8 million (€ 0.3 million) and is a result of rising interest rates on the financial markets. As at the end of the first half of 2022, a number of IRS contracts are therefore presented as a financial asset and no longer as a financial liability.

The **net result** of Vastned Belgium for the first half of 2022 amounted to € 8.2 million (€ -0.4 million) and may be divided into:

- The EPRA earnings of € 6.3 million (€ 6.6 million) or a decrease of € -0.3 million, which is mainly due to:
 - A change in the provision for doubtful debts (€ -0.2 million as a result of compensations for the lockdown in November 2020);
 - An increase in net rental income of € 0.1 million as a result of a higher occupancy rate through the first half of 2022;
 - An increase in net rental income of € 0.2 million, by limiting the extent to which rental waivers were granted;
 - Indexation of rental contracts amounting to € 0.2 million;
 - A decrease of € -0.2 million in net rental income due to the disposal of non-strategic retail properties;
 - A decrease of € -0.1 million in non-recurring payments;
 - Exceptional costs, to the value of € 0.3 million, connected with an intended transaction by the Dutch majority shareholder.
- The result on the portfolio (incl. result on disposal of investment properties) of € 0.1 million (€ -7.3 million); and
- The changes in the fair value of financial instruments to an amount of € 1.8 million (€ 0.3 million).

The EPRA earnings per share amount to € 1.25 for the first half of 2022 compared to € 1.31 for the same period last year.

⁷⁾ Including the value of the IFRS 16 right-of-use assets.

Key figures per share

	30.06.2022	31.12.2021	30.06.2021
Number of shares entitled to dividend	5,078,525	5,078,525	5,078,525
Net result (6 months/1 year/6 months) (€)	1.62	0.81	-0.07
EPRA earnings (6 months/1 year/6 months) (€)	1.25	2.56	1.31
Net value (fair value) (€)	44.46	45.04	44.16
Net value (investment value) (€)	46.00	46.58	45.90
Share price on closing date (€)	30.30	28.80	30.60
Premium (+) / Discount (-) with regard to fair net value (%)	-31.8%	-36.1%	-30.7%

The net value (fair value) of the share amounts to € 44.46 (€ 45.04) as at 30 June 2022. Given that the share price of Vastned Belgium (VASTB) amounted to € 30.30 on 30 June 2022, the share was listed on 30 June 2022 at a discount of

-31.8% compared to the net value (fair value). At the end of the previous financial year, the shares were still being quoted at a discount of -36.1% compared to the net value (fair value).

EPRA - Key figures ⁸

	30.06.2022	30.06.2021
EPRA Earnings per share (€)	1.25	1.31
EPRA Cost Ratio (including direct vacancy costs) (%)	17.6%	13.0%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	16.9%	11.8%
	30.06.2022	31.12.2021
EPRA NRV (€)	45.93	46.86
EPRA NTA (€)	44.36	45.28
EPRA NDV (€)	44.46	45.04
EPRA Net Initial Yield (NIY) (%)	5.0%	5.0%
EPRA Adjusted NIY (%)	5.1%	5.1%
EPRA Vacancy rate (%)	1.3%	0.8%



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⁸ The statutory auditor has verified whether the 'EPRA earnings', 'EPRA NRV', 'EPRA NTA' and 'EPRA NDV' ratios were calculated according to the EPRA BPR definitions of October 2019, and whether the data used for the calculation of these ratios correspond with the accounting data of the consolidated financial statements.

2.2. Financial structure as at 30 June 2022

As at 30 June 2022, Vastned Belgium has a stable financial structure that allows it to continue its operations during the second half of 2022. No credit lines are due to mature within the year, which means that the Company does not need to refinance its credit lines.

The financial structure can be summarised as follows:

- Withdrawn financial debts: € 87.7 million.
- 92% of the credit facilities with financial institutions are long-term financing with a weighted average term of 2.0 years.
- Unused credit facilities of € 37.3 million available in order to cover the fluctuations of cash needs and for financing future investments.
- For 64% of the available credit lines, the interest rate is fixed by interest rate swaps or by fixed interest rates, 36% has a variable interest rate; of the credit lines drawn, this amounts to 91% and 9% respectively.
- Fixed interest rates are fixed for a remaining period of 1.9 years on average.
- Average interest rate for the first half of 2022: 1.85% including bank margins.
- Market value of the financial derivatives: € 0.6 million.
- Limited debt ratio of 28.2% (legal maximum of 65.0%).
- In the first half of 2022, there were no contractual changes to the existing covenants of the Company. Vastned Belgium complied with all covenants as at 30 June 2022.

2.3. Risks during the remaining months of 2022

Vastned Belgium estimates the risks during the remaining months of 2022 to be as follows:

External economic factors

The war in Ukraine changed the existing economic factors and resulted in high inflation, a consequence of rising energy and raw material prices and a disruption of supply chains. In turn, these parameters are impacting consumer and investment confidence.

At this moment, the impact of the changed economic factors on the Belgian property markets is limited, but a change in one of these parameters could increase volatility in these property markets over the short and medium term. Vastned Belgium assesses the risks associated with the war in Ukraine as follows:

- Inflation: rental agreements are indexed on an annual basis. This indexation will protect the Company from rising costs, including staff costs.
- Payment continuity: a fall in consumer confidence can result in declining sales for retailers, putting their margins under pressure and preventing them from paying rents. The Company continues to closely monitor the payment behaviour of tenants in order to detect any problems in a timely manner.
- Investments: the Company continues to prudently look for new investment opportunities, in such a way that the investments continue to meet the proposed return requirements.

Evolution of interest rates

As a result of financing with borrowed capital, the Company's yield also depends on interest rate developments. In order to mitigate this risk, the Company strives for a loan portfolio with a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. Depending on developments in interest rates, this may be temporarily deviated from.

As at 30 June 2022, 91% of the drawn-down credit facilities consists of fixed-rate financing or financing fixed by means of interest rate swaps. The remaining 9% are loans with a variable interest rate.

3. Outlook for 2022

In the first half of 2022, we were confronted with a new economic reality, namely a war in Ukraine and rising inflation rates. These ingredients are giving rise to concerns on the financial markets and resulting in falling stock prices and rising interest rates. At the moment, the concerns are only to a limited extent visible in the expenditure pattern of consumers, who are again coming to the city centres for a pleasant shopping experience. Thanks to the arrival of new hospitality units, which have taken over a number of premises from fashion retailers, a day shopping in the city center once again guarantees a fun day trip. This was also shown in the sales figures that listed fashion retailers reported in the second quarter. The rising sales figures were mainly due to significantly increased visitor numbers in the physical shops. For the same period, pure online players issued profit warnings.

The Company continues to look forward to the second half of 2022 with caution, as it is unclear what effect rising prices will have on consumer spending patterns. A fall in consumer confidence, and consequently changes in consumer spending patterns will directly impact retailers' profitability. Indirectly, a fall in consumer confidence will also have an impact on Vastned Belgium, as it will slow down the further expansion of retailers.

Subject to unexpected developments such as bankruptcies of important tenants, Vastned Belgium expects for the financial year 2022 to realise EPRA earnings per share of between € 2.45 and € 2.55.



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4. Consolidated condensed interim financial statements

4.1. Condensed consolidated Profit and Loss statement

(in thousands €)	30.06.2022	30.06.2021
Rental income	8,593	8,423
Rental-related expenses	25	187
NET RENTAL INCOME	8,618	8,610
Recovery of rental charges and taxes normally payable by tenants on let properties	1,076	1,127
Rental charges and taxes normally payable by tenants on let properties	-1,076	-1,127
Other rental-related income and expenses	45	125
PROPERTY RESULT	8,663	8,735
Technical costs	-135	-142
Commercial costs	-150	-107
Charges and taxes on unlet properties	-61	-97
Property management costs	-432	-449
Other property charges	-35	-37
Property charges	-813	-832
OPERATING PROPERTY RESULT	7,850	7,903
General costs	-730	-452
Other operating income and costs	4	4
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	7,124	7,455
Result on disposal of investment properties	0	398
Changes in fair value of investment properties	23	-7,781
Other result on portfolio ⁹	84	96
OPERATING RESULT	7,231	168
Financial income	0	0
Net interest charges	-776	-801
Other financial charges	-1	-3
Changes in fair value of financial instruments	1,811	336
Financial results	1,034	-468
RESULT BEFORE TAXES	8,265	-300
Taxes ⁹	-32	-63
NET RESULT	8,233	-363

⁹) Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

	30.06.2022	30.06.2021
NET RESULT	8,233	-363
Note:		
• EPRA earnings	6,349	6,634
• Result on portfolio	107	-7,287
• Changes in fair value of financial instruments	1,811	336
• Taxes: deferred taxes ⁹⁾	-22	-43
• Non-distributable result subsidiaries	-12	-3
Attributable to:		
• Shareholders of the parent company	8,233	-363
• Minority interests	0	0
	30.06.2022	30.06.2021
BALANCE SHEET INFORMATION PER SHARE		
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	1.62	-0.07
Diluted net result (€)	1.62	-0.07
EPRA earnings (€)	1.25	1.31

Condensed consolidated statement of comprehensive income

(in thousands €)	30.06.2022	30.06.2021
NET RESULT	8,233	-363
Other components of comprehensive income (recyclable through income statement)	0	0
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
COMPREHENSIVE INCOME	8,233	-363
Attributable to:		
• Shareholders of the parent company	8,233	-363
• Minority interests	0	0

⁹⁾ Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

4.3. Condensed consolidated balance sheet

Assets (in thousands €)	30.06.2022	31.12.2021
Non-current assets	315,882	315,228
Intangible assets	114	137
Investment properties	314,643	314,543
Other tangible assets	507	545
Non-current financial assets	616	0
Trade receivables and other non-current assets	2	3
Current assets	4,059	2,518
Trade receivables	1,716	1,914
Tax receivables and other current assets	0	0
Cash and cash equivalents	1,189	214
Deferred charges and accrued income	1,154	390
TOTAL ASSETS	319,941	317,746

Shareholders' equity and liabilities (in thousands €)	30.06.2022	31.12.2021
Shareholders' equity	225,774	228,714
Shareholders' equity attributable to shareholders of the parent company	225,774	228,714
Share capital	97,213	97,213
Share premium	4,183	4,183
Reserves	116,145	123,226
Net result of the financial year	8,233	4,092
Minority interests	0	0
Liabilities	94,167	89,032
Non-current liabilities	88,728	84,516
Non-current financial debts	88,354	82,943
• Credit institutions	87,743	82,269
• Financial leasing	611	674
Other non-current financial liabilities	8	1,203
Other non-current liabilities	152	179
Deferred tax - liabilities	214	191
Current liabilities	5,439	4,516
Provisions	269	269
Current financial debts	176	169
• Credit institutions	0	0
• Financial leasing	176	169
Trade debts and other current debts	797	465
Other current liabilities	530	567
Deferred income and accrued charges	3,667	3,046
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	319,941	317,746

4.4. Condensed consolidated cash flow statement

(in thousands €)

	30.06.2022	30.06.2021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	214	428
1. Cash flow from operating activities	6,851	8,253
Operational result⁹	7,231	168
Interest paid	-740	-781
Other non-operating elements⁹	1,777	270
Adjustment of result for non-cash flow transactions	-1.755	7.110
• Depreciations on intangible and other tangible fixed assets	109	62
• Income from disposal of investment properties	0	-398
• Spread of rental discounts and benefits granted to tenants	84	97
• Changes in fair value of investment properties	-62	7.781
• Other result on portfolio	-84	-97
• Changes in fair value of financial instruments	-1.811	-335
• Other non-cash flow transactions	9	0
Change in working capital	339	1.486
• Movement of assets	-564	-860
• Trade receivables	1	-591
• Tax receivables and other non-currents assets	198	785
• Deferred charges and accrued income	-763	-1.054
• Movement of liabilities	901	2.346
• Deferred tax - liabilities	23	43
• Trade debts and other current debts	332	-720
• Other current liabilities	-36	-38
• Deferred income and accrued charges	584	3.061
2. Cash flow from investment activities	-54	3.993
Acquisitions of intangible and other tangible fixed assets	-9	-47
Acquisitions of investment properties	0	0
Investments in existing investment properties	-45	-117
Income from disposal of investment properties	0	4.062
Prepaid investment invoices	0	95
3. Cash flow from financing activities	-5.822	-12.262
Repayment of loans	-1.500	-5.500
Drawdown of loans	6.973	3.730
Resolution of IRS	0	0
Repayment of financial lease liabilities	-94	-86
Receipts from non-current liabilities as guarantee	-28	5
Dividend paid	-11.173	-10.411
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	1.189	412

⁹⁾ Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

4.5. Condensed statement of changes in the consolidated shareholders' equity

(in thousands €)	Share capital	Share premium	Reserves	Net result of the financial year	Total shareholders' equity
Balance at 31 December 2020	97,213	4,183	142,161	-8,524	258,285
Comprehensive income of 2021				4,092	4,092
Transfer through result allocation 2020:					
• Transfer from result on portfolio to reserves			-21,975	21,975	-
• Transfer from changes in fair value of financial assets and liabilities			348	-348	-
• Disposals 2020: impact result			1,508	-1,508	-
• Revaluation subsidiaries			-772	772	-
• Allocation profit carried forward			1,956	-1,956	-
Dividends financial year 2020				-10,411	-10,411
Balance at 31 December 2021	97,213	4,183	123,226	4,092	228,714
Comprehensive income of first semester 2022				8,233	8,233
Transfer through result allocation 2021:					
• Transfer from result on portfolio to reserves			-10,064	10,064	-
• Transfer from changes in fair value of financial assets and liabilities			828	-828	-
• Disposals 2021: impact result			362	-362	-
• Revaluation subsidiaries			-30	30	-
• Allocation profit carried forward			1,823	-1,823	-
Dividends financial year 2021				-11,173	-11,173
Balance at 30 June 2022	97,213	4,183	116,145	8,233	225,774

4.6. Statement accompanying the condensed consolidated interim financial statements

In accordance with Article 13 §2 of the Royal Decree of 14 November 2007, the Board of Directors, composed of Lieven Cuvelier (chairman), Anka Reijnen, Ludo Ruysen, Reinier Walta and Peggy Deraedt, declares that after taking all reasonable measures and according to their knowledge:

- a) The condensed consolidated half-yearly report, prepared in accordance with the *'International Financial Reporting Standards'* (IFRS) and more specifically in accordance with IAS 34 *'Interim Financial Reporting'* as adopted within the European Union and according to the legislation of 12 May 2014 regarding regulated real estate companies, gives a true and fair view of the net assets, financial position and results of Vastned Belgium and the companies included in the consolidation;
- b) The condensed consolidated interim financial statements give a true and fair view of the main events that occurred during the first half of the current financial year, their influence on the condensed consolidated interim financial statements, the main risk factors and uncertainties with regard to the coming months of the current financial year, as well as the principal transactions between the related parties and their possible effect on the condensed consolidated interim financial statements if these transactions are of substantial significance and were not concluded under normal market conditions;
- c) The information stated in the condensed consolidated interim financial statements is in accordance with reality and that no information has been omitted whose disclosure would alter the purpose of the condensed consolidated interim financial statements.

4.7. Notes to the condensed consolidated half-yearly report

Basis for presentation and declaration of conformity

Vastned Belgium NV (the *'Company'*) is a public Regulated Real Estate Company (RREC), which is subject to the RREC legislation¹⁰ and whose registered office is located in Belgium, at 2600 Antwerp (Berchem). The Company's shares are listed on NYSE Euronext Brussels under the code VASTB. The condensed consolidated interim financial statements for the reporting period ended 30 June 2022, include the Company and its subsidiaries (the *'Group'*).

The condensed consolidated interim financial statements pertain to the period from 1 January 2022 to 30 June 2022, and were approved for publication by the Board of Directors on 26 July 2022.

The condensed consolidated interim financial statements of Vastned Belgium has been prepared in accordance with the *'International Financial Reporting Standards'* (IFRS) and more specifically in accordance with IAS 34 *'Interim Financial Reporting'* as adopted within the European Union and in accordance with the legislation of 12 May 2014 on Regulated Real Estate Companies. These condensed consolidated interim financial statements do not contain all information required for full reporting and should be read in conjunction with the consolidated financial statements for the financial year 2021.

The condensed consolidated interim financial statements are expressed in thousands of euro, rounded to the nearest thousand. Due to the rounding, the total of certain figures in the tables may differ from figures in the primary financial statements or between different notes.

¹⁰⁾ The RREC Act comprises both the Act of 12 May 2014 regarding Regulated Real Estate Companies and the Royal Decree of 13 July 2014 regarding Regulated Real Estate Companies.

Principles for the preparation of the condensed consolidated interim financial statements

The principles employed by Vastned Belgium in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements for the financial year 2021. Since January 1, 2022, the 'Deferred taxes' - which relate to the revaluation of investment properties of subsidiaries - are no longer recognized under 'Other result on portfolio', but under 'Taxes'. For comparability, the figures for the first semester of 2021 have been adjusted.

Since 1 January 2022, the following (amended) standards and interpretations have been applicable to Vastned Belgium:

- IFRS 16 (Amendment) 'Leases: COVID-19-Related Rent Concessions beyond 30 June 2021'
- IAS 16 (Amendment) 'Property, plant and equipment: proceeds before intended use'
- IAS 37 (Amendment) 'Provisions, contingent liabilities and contingent assets: onerous contracts – cost of fulfilling a contract'
- IFRS 3 (Amendment) 'Business combinations: reference to the conceptual framework'
- Annual improvements to IFRS cycle 2018-2020

These new or amended standards and interpretations have no material impact on this condensed consolidated interim financial statements.

The following published (amended) standards will only become effective after 31 December 2022 and have not been adopted earlier by the Group:

- IAS 1 (Amendment) 'Presentation of Financial Statements: classification of liabilities as current or non-current' (effective date 1 January 2023)
- IFRS 17 'Insurance Contracts' (effective date 1 January 2023)
- IFRS 17 (Amendment) 'Insurance contracts: initial application of IFRS 17 and IFRS 9 – comparative information' (effective date 1 January 2023)
- IAS 1 (Amendment) 'Presentation of financial statements' and IFRS Practice Statement 2 'Disclosure of accounting policies' (effective date 1 January 2023)
- IAS 8 (Amendment) 'Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates' (effective date 1 January 2023)
- IAS 12 (Amendment) 'Income taxes: Deferred tax related to assets and liabilities arising from one single transaction' (effective date 1 January 2023)

These amended standards and interpretations will have no material impact on Vastned Belgium's consolidated financial statements.

Condensed consolidated segmented income statement per operating segment

Vastned Belgium uses the geographical region for segment reporting. This segmentation basis reflects the three (3) geographic markets in which the Group is active: Flanders, Brussels and the Walloon Region. The Company has chosen not to further subdivide the geographical regions (e.g. split Flanders into Antwerp, Ghent and Bruges). This is explained by the fact that the Chief Operating Decision Maker does not make decisions based on these individual cities.

The category 'corporate' includes all non-segment attributable costs that are borne at Group level.

Geographical segmentation (in thousands €)	Flanders		Walloon Region		Brussels		Corporate		Total	
	30.06.'22	30.06.'21	30.06.'22	30.06.'21	30.06.'22	30.06.'21	30.06.'22	30.06.'21	30.06.'22	30.06.'21
Rental income	6,205	6,111	974	988	1,414	1,324	0	0	8,593	8,423
Rental-related expenses	41	200	-16	6	0	-19	0	0	25	187
NET RENTAL INCOME	6,246	6,311	958	994	1,414	1,305	0	0	8,618	8,610
Property management costs and income	43	102	2	23	0	0	0	0	45	125
PROPERTY RESULT	6,289	6,413	960	1,017	1,414	1,305	0	0	8,663	8,735
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	5,741	5,939	816	841	1,293	1,123	-726	-448	7,124	7,455
Result on disposals of investment properties	0	231	0	167	0	0	0	0	0	398
Changes in fair value of investment properties	41	-6,860	-281	-491	264	-430	0	0	23	-7,781
Other result on portfolio	88	95	-44	-92	40	50	0	0	84	53
OPERATING RESULT OF THE SEGMENT	5,870	-595	491	425	1,597	743	-726	-448	7,231	125
Financial result	-5	-5	-1	-1	0	0	1,040	-462	1,034	-468
Taxes	0	0	-22	0	0	0	-10	-20	-32	-20
NET RESULT	5,865	-600	468	424	1,597	743	303	-930	8,233	-363

The key changes in the geographical income statement are explained as follows:

- The net rental income increased most strongly in Brussels due to the conclusion of commercial lease agreements for premises where pop-up agreements had previously been concluded. As at 30 June 2022, the entire portfolio in Brussels was let.
- In the first half of 2021, Vastned Belgium recognized higher income under the line property management costs and income. This income relates to money received by Vastned Belgium from the conclusion of bankruptcies. These bankruptcies date from before 2021 and mainly related to retail properties in Flanders.
- The result on disposals of investment properties relates to the divestment in Boechout (Flanders) and Grivegnée (Walloon Region) at the end of the first half of 2021.
- In the first half of 2022, the value of the property portfolio remained stable in Flanders. There was a slight decrease in the Walloon Region due to the departure of a tenant, while a slight increase was noticeable in Brussels. This increase was due to the conclusion of commercial lease agreements. In the comparable period of the previous financial year, there was a significant devaluation of the fair value of the investment properties in Flanders, as the fair value of a number of large retail properties (> 1,000m²) had come under pressure. This value has stabilised in the current financial year.
- In the current financial year, a profit was realized under the financial results, as a result of the value changes of the financial hedging instruments (Interest Rate Swaps). As mentioned in the annual report for the financial year 2021, the financial results are allocated to the corporate segment since Vastned Belgium has concluded loans for the entire portfolio and not for individual retail properties.

Geographical segmentation

(in thousands €)	Flanders		Walloon Region		Brussels		Total	
	30.06.'22	31.12.'21	30.06.'22	31.12.'21	30.06.'22	31.12.'21	30.06.'22	31.12.'21
Fair value of investment properties	227,101	226,992	28,260	28,533	59,282	59,018	314,643	314,543
• of which are investments during the financial year (fair value)	45	117	0	0	0	0	45	117
• of which are acquisitions of investment properties	0	0	0	0	0	0	0	0
Disposals during the financial year (fair value)	0	4,054	0	1,795	0	0	0	5,849
Investment value of the real estate properties ¹¹	232,774	232,664	28,964	29,242	60,765	60,494	322,503	322,400
Occupancy rate	98.9%	99.7%	96.5%	95.5%	100.0%	100.0%	98.8%	99.3%
Totale leasable space (m ²)	56,359	56,359	10,879	10,879	8,848	8,848	76,086	76,086

¹¹⁾ Including the investment value of the IFRS 16 right-of-use assets.

Evolution of the investment properties

(in thousands €)	2022 Total	2021 Total
Balance sheet as at 1 January	314,543	330,427
Investments in existing investment properties	45	117
Acquisition of shares of real estate companies	0	0
Acquisitions of investment properties	0	0
Disposals of investment properties	0	-3,664
Classification to assets held for sale	0	-2,150
Right-of-use assets according to IFRS 16	32	3
Changes in fair value of investment properties	23	-7,781
Balance sheet as at 30 June	314,463	316,952
Other information		
Investment value of real estate properties	322,503	324,871

As at 30 June 2022, the fair value of the investment properties amounts to € 314.6 million. During the first half of 2022, limited investments were made in an existing retail property and the fair value of the property portfolio stabilized. In the comparable period last year, the sale of Boechout and Grivegnée took place, the Leopoldsborg property was transferred to assets held for sale and significant devaluations were recognised on the large retail properties (> 1,000 m²).

Investment properties are valued, by an independent real estate expert, at fair value in accordance with IAS 40 'Investment Property'. The fair value is determined on the basis of one of the following levels of the hierarchy.

- Level 1: Officially quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2: The fair value of assets or liabilities that are not traded in an active market is determined by using valuation techniques. These techniques make maximum use of observable market data, where available, and rely as little as possible on entity-specific estimates.
- Level 3: Assets and liabilities of which the fair value is determined using valuation techniques of which some parameters are based on non-observable market data.

Investment properties are valued at fair value according to level 3.

Rental income

(in thousands €)

	30.06.2022	30.06.2021
Rents	9,024	8,871
Rental discounts	-436	-332
Variable negative lease payments	0	-166
Compensation for early termination of lease agreements	5	50
Total rental income	8,593	8,423

Rental income includes rent and revenues directly related to rent, such as compensations for early termination of lease contracts, less the granted rental discounts and rental benefits. Rental discounts are spread in the income statement from the start of the lease agreement until the next possible termination date of the lease.

In the first semester of 2021, variable negative lease payments were processed in response to the COVID-19 pandemic. This concerns rent waivers that were granted to hospitality-units for the period of mandatory closure.

Overview of the future minimum rental income

The table below provides an overview of the undiscounted value of the future rental income up to the first expiry date of the lease agreement. This takes into account the option of termination¹² granted by law to the tenant after the end of the current three-year period.

(in thousands €)

	30.06.2022	30.06.2021
Receivables with a remaining duration of:		
• Less than one year	17,170	15,616
• Between one and two years	11,961	9,408
• Between two and three years	6,994	4,157
• Between three and four years	774	1,243
• Between four and five years	0	74
• More than five years	0	0
Total of the future minimum rental income	36,899	30,498

The future minimum rental income, taking into account the first option of termination, increased by € 6.4 million compared to the same period of the previous financial year. This increase is the combined effect of the renewal/closing of (existing and new) lease agreements (€ 6.7 million), the departure or bankruptcy of tenants (€ -0.8 million) and the cyclical effect of the termination option (€ 0.5 million) The weighted average remaining term is 2.5 years compared to 2.3 years for the comparable period last year.

If we assume that the tenants will not make use of this three-year termination option, the undiscounted value of the future rental income amounts to € 99.2 million (€ 89.6 million as at 30 June 2021). This increase of € 9.6 million is the combined effect of the renewal/closing of (existing and new) lease agreements (€ 23.9 million), the departure or bankruptcy of tenants (€ -2.3 million) and the cyclical effect of the termination option (€ -12.0 million). The weighted average remaining term is 6.9 years compared to 6.8 years for the comparable period last year.

¹² Based on commercial lease legislation (Act of 30 April 1952), tenants have the legal option to terminate lease agreements upon expiry of a period of three (3) years.

Rental-related expenses

(in thousands €)	30.06.2022	30.06.2021
Write-downs on trade receivables	-59	-79
Reversal of write-downs on trade receivables	84	266
Total rental-related expenses	25	187

Rental-related expenses contain write-downs of trade receivables that are included in profit or loss if the book value is higher than the estimated realisable value, as well as the reversal of write-downs of trade receivables that have been recognised in a previous period.

In the current financial year, part of the provision for potential losses on outstanding lease receivables was reversed, whereas last financial year the write-downs related to the mandatory closure of non-essential stores in November 2020 were reversed. This reversal is the result of the definitive granting of rental waivers, which were deducted from the rental income at that time.

Trade receivables

(in thousands €)	30.06.2022	31.12.2021
Outstanding trade receivable	1,772	1,976
Invoices to be issued and credit notes to be received	64	8
Doubtful debtors	226	335
Provision doubtful debtors	-346	-405
Total trade receivables	1,716	1,914

Trade receivables mainly relate to rent invoiced in advance (also accounted for in the accrued charges and deferred income for an amount of € 2.2 million). At the end of June 2022, part of this rent invoiced in advance had already been paid by the tenants.

Long term and short term financial debts

For a detailed description of the Company's financial structure, reference is made to '2.2 Financial structure as at 30 June 2022' (see above).

Financial instruments

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

Summary of financial instruments

(in thousand €)

	Categories	Level	30.06.2022		31.12.2021	
			Book value	Fair value	Book value	Fair value
Financial instruments (assets)						
Non-current assets						
Non-current financial assets	C	2	616	616	0	0
Trade receivables and other non-current assets	A	2	2	2	3	3
Current assets						
Trade receivables	A	2	1,716	1,716	1,914	1,914
Tax receivables and other current assets	A	2	0	0	0	0
Cash and cash equivalents	B	1	1,189	1,189	214	214
Financial instruments - liabilities						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	88,354	88,062	82,942	82,555
• Credit institutions	A	2	87,743	87,451	82,269	81,882
• Financial Leasing	A	2	611	611	674	674
Other non-current financial liabilities	C	2	8	8	1,203	1,203
Other non-current liabilities	A	2	152	152	179	179
Current liabilities						
Current financial debts (interest-bearing)	A	2	176	176	169	169
• Credit institutions	A	2	0	0	0	0
• Financial Leasing	A	2	176	176	169	169
Other current financial debts	C	2	0	0	0	0
Trade debts and other current debts	A	2	797	797	465	465
Other current liabilities	A	2	530	530	567	567

In accordance with IFRS 9 'Financial Instruments', all financial assets and financial liabilities are measured at amortised cost or fair value. The valuation is depending on the proposed classification of the financial assets and financial liabilities. The Group has defined the following categories:

- A. Financial assets or liabilities (including receivables and loans) at amortised cost;
- B. Investments held to maturity at amortised cost;
- C. Assets or liabilities, held at fair value through profit and loss, except for financial instruments defined as hedging instruments that are subject to a hedging relation.

Financial instruments are stated at fair value. The fair value hierarchy is based on data for the valuation of financial assets and liabilities at the valuation date. The distinction between the three (3) levels is as follows:

- Level 1: Officially quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2: The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These techniques make maximum use of observable market data, where available, and rely as little as possible on entity-specific estimates.
- Level 3: Financial instruments whose fair value is determined using valuation techniques, some parameters of which are based on unobservable market data.

Vastned Belgium's financial instruments correspond to level 2 in the hierarchy of fair values. The valuation techniques related to the fair value of level 2 financial instruments are as follows:

- For the items 'Non-current financial assets' and 'Other non-current financial liabilities', that relate to interest rate swaps, the fair value is determined using observable data, namely the forward interest rates applicable to active markets, generally provided by financial institutions.
- The fair value of the other level 2 financial assets and liabilities is approximately equal to their book value, either because they have a short-term maturity (such as trade receivables and payables) or because they bear a variable interest rate. When calculating the fair value of the interest-bearing financial debts with a fixed interest rate, the fair value is calculated as the future cash flows (interest and capital repayment) discounted at a market yield.

Vastned Belgium makes use of interest rate swaps to cover possible changes in interest costs on part of the financial debts with a variable interest rate (short-term Euribor). The interest rate swaps are not classified as cash flow hedging, so changes in fair value are recognised in the consolidated income statement.

The fair value of the financial derivatives at 30 June 2022 is summarised as follows:

(in thousands €)		Start date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
							Yes/No	30.06.2022
1	IRS	31-10-2019	31-07-2024	0.6725%	€ 15,000	No	224	
2	IRS	31-10-2019	31-07-2024	0.7375%	€ 10,000	No	135	
3	IRS	14-11-2019	31-07-2024	0.7250%	€ 5,000	No	94	
4	IRS	31-07-2017	31-07-2023	0.9520%	€ 15,000	No	93	
5	IRS	31-07-2017	31-07-2024	1.0940%	€ 15,000	No	70	
Non-current financial assets								616
1	IRS	31-07-2017	31-07-2024	0.9550%	€ 10,000	No	-8	
Other non-current financial liabilities								-8
Total fair value of financial derivatives								608

The fair value of the financial derivatives at 31 December 2021 is summarised as follows:

(in thousands €)		Start date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
							Yes/No	31.12.2021
Non-current financial assets								0
1	IRS	31-10-2019	31-07-2024	0.6725%	€ 15,000	No	-197	
2	IRS	31-10-2019	31-07-2024	0.7375%	€ 10,000	No	-148	
3	IRS	14-11-2019	31-07-2024	0.7250%	€ 5,000	No	-207	
4	IRS	31-07-2017	31-07-2023	0.9520%	€ 15,000	No	-365	
5	IRS	31-07-2017	31-07-2024	0.9550%	€ 10,000	No	-214	
6	IRS	31-07-2017	31-07-2024	1.0940%	€ 15,000	No	-72	
Other non-current financial liabilities								-1,203
Total fair value of financial derivatives								-1,203

Affiliated Parties

The affiliated parties with whom the Company trades are its majority shareholder, its subsidiary (EuroInvest Retail Properties NV), its directors and members of the Executive Committee.

As at 30 June 2022, Vastned Belgium has no debts to affiliated companies.

In the first half of the 2022 financial year, Vastned Belgium voluntarily initiated the procedure from Article 7:97 of the Companies and Associations Code. This procedure was applied following a transaction initiated by the Dutch reference shareholder Vastned Retail N.V.,

with the intended result of delisting Vastned Belgium. Discussions on the initiated transaction were terminated due to rapidly changing market conditions, as a result of which the procedure from Article 7:97 of the Companies and Association Code was also terminated without a final report from the independent directors. During this procedure, the committee of independent directors was assisted by independent experts. The costs associated with this procedure amount to € 0.3 million and must be regarded as exceptional costs, recognized under the line 'General expenses'. As the discussions with respect to the intended transaction have been terminated, no further information will be shared by the Company.

Contingent liabilities

In the first half of 2022, there were no changes in the contingent liabilities as described in 'Note 22 – Contingent liabilities' of the Financial Report in the Annual Report 2021.

Events after the balance sheet date

There have been no significant events after the balance sheet date.

4.8. Report of the statutory auditor

Statutory auditor's report to the board of directors of Vastned Belgium nv on the review of the Condensed Consolidated Half-yearly Figures as at 30 June 2022 and for the six-month period then ended.

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Vastned Belgium nv (the 'Company'), and its subsidiaries (collectively referred to as 'the Group') as at 30 June 2022, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed statement of changes in consolidated shareholders' equity for the six-month period then ended, and notes ('the Condensed Consolidated Half-yearly Figures'). The board of directors is responsible for the preparation and presentation of this condensed 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 condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 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 conducted in accordance with International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Half-yearly Figures as at 30 June 2022 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Brussels, 26 July 2022

EY Bedrijfsrevisoren bv/EY Réviseurs d'Entreprises srl
Statutory auditor
represented by

Joeri Klaykens*
Partner

* Acting on behalf of a bv/srl

4.9. Financial calendar



5. Alternative Performance Measures

5.1. Glossary of Alternative Performance Measures

A complete overview of the alternative performance measures can be found at 'Chapter 8. Alternative performance measures' of the annual report for 2021, or on the Company's website www.vastned.be.

The table below provides an overview of the alternative performance measures employed throughout the half-yearly financial report.

Alternative Performance Measure	Definition	Use
Result per share	<ul style="list-style-type: none"> Net result per share: Net result divided by the number of shares entitled to dividend Gross dividend per share: EPRA earnings divided by the number of shares entitled to dividend 	Measure the result of the share and enable comparison with the dividend paid per share.
Net value per share in investment value	This pertains to the book value of the share before deduction of the transaction costs (mainly transfer rights) from the value of the investment properties. It is calculated by dividing the amount of equity attributable to the shareholders of the parent company, where the transfer rights that are recognised under equity at the balance sheet date are deducted, by the number of shares entitled to dividend.	Measure the investment value of the share and enable comparison with its stock market value.
Net value per share in fair value	This pertains to the book value of the share after deduction of the transaction costs (mainly transfer rights) from the value of the investment properties. It is calculated by dividing the amount of equity attributable to the shareholders of the parent company by the number of shares entitled to dividend.	Measure the fair value of the share and enable comparison with its stock market value.
Transfer rights	Transfer rights are equal to the difference between the investment value and the fair value of the investment properties.	This measure provides an overview of the transfer tax the company would have to pay upon disposal of the real estate property.
Average yield of the portfolio	The average yield of the portfolio is calculated as the ratio between the rental income and the fair value of the investment properties.	Evaluation of the rental income from the investment properties.
Financial result (excluding changes in the fair value of the financial assets and liabilities)	The 'Financial Result' from which the heading 'Changes in the fair value of financial assets and liabilities' is deducted.	Reflect the Company's actual cost of financing.

Alternative Performance Measure	Definition	Use
Average interest rate of financing	The average interest rate on the Company's financing is calculated by dividing the net interest charges (on an annual basis) by the weighted average debt of the period (based on the daily drawdowns of the financing). Financing includes draw-downs from credit institutions, recognized under the line 'Credit institutions' in the long-term and short-term financial debts of the consolidated balance sheet.	The average interest rate of financing measures the average financing cost of the debts and allows following its evolution over time, depending on the evolution of the company and of the financial markets.
Result on portfolio	The portfolio result includes (i) the result on the disposal of investment properties, (ii) the changes in the fair value of investment properties, and (iii) the other portfolio result.	The portfolio result measures the realised and unrealised profit and loss related to investment properties compared to the valuation of the independent property experts at the end of the previous financial year.
EPRA earnings	EPRA earnings is the operating result before the result on the portfolio from which the financial result, taxes, changes in the fair value of financial derivatives (non-effective hedges in accordance with IFRS 9) and the non-distributable result of subsidiaries are eliminated.	The EPRA earnings measures the result of the strategic operational activities, excluding the following elements (i) the changes in the fair value of financial assets and liabilities (ineffective hedges in accordance with IFRS 9) and (ii) the portfolio result.
EPRA Earnings per share	EPRA earnings per share is the EPRA earnings divided by the number of shares entitled to dividend.	The EPRA earnings per share measures the EPRA earnings per share entitled to dividend and makes it possible to compare it with the gross dividend paid per share.
EPRA NRV	EPRA Net Reinstatement Value (NRV) provides an estimation of the amount required to rebuild the Company through the investment markets based on its current capital and financing structure.	Measure the fair value of the share and enable comparison with its stock market value.
EPRA NTA	EPRA Net Tangible Assets (NTA) assumes that the Company buys and sells assets, which would result in the realization of certain levels of unavoidable deferred tax.	Measure the fair value of the share and enable comparison with its stock market value.
EPRA NDV	The EPRA Net Disposal Value (NDV) represents the value accruing to the Company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.	Measure the fair value of the share and enable comparison with its stock market value.

Alternative Performance Measure	Definition	Use
EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the contractual current passing rents as at the closing date of the annual accounts, less the property charges, divided by the market value of the portfolio, increased by the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.	This measure offers investors the opportunity to compare portfolio valuations within Europe.
EPRA Adjusted NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	This measure, which includes an adjustment to the EPRA NIY before the end of rent-free periods (or other unexpired lease incentives), offers investors the opportunity to compare portfolio valuations within Europe.
EPRA Vacancy rate	Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio available upon rental.	Displays the percentage of vacancy based on estimated market rental value.
EPRA Cost Ratio (including direct vacancy costs)	EPRA costs (including direct vacancy costs) divided by gross rental income less payments for building rights and ground leases.	An important measure for enabling meaningful measurement of the changes in the company's operating costs.
EPRA Cost Ratio (excluding direct vacancy costs)	EPRA costs (excluding direct vacancy costs) divided by gross rental income less payments for building rights and ground leases.	An important measure for enabling meaningful measurement of the changes in the company's operating costs.

5.2. Reconciliation tables of the Alternative Performance Measures

Result per share

		30.06.2022	30.06.2021
Net result (€ thousands)	A	8,233	-363
Number of shares entitled to dividend	B	5,078,525	5,078,525
(Diluted) Net result (€)	A/B	1.62	-0.07
		30.06.2022	30.06.2021
EPRA earnings (€ thousands)	A	6,349	6,634
Number of shares entitled to dividend	B	5,078,525	5,078,525
EPRA earnings per share (€)	A/B	1.25	1.31

Balance figures per share

		30.06.2022	31.12.2021
Equity attributable to the shareholders of the parent company (€ thousands):	A	225,714	228,714
To be excluded:			
• Transfer rights	B	-7,860	-7,858
Equity attributable to the shareholders of the parent company – investment value (€ thousands):	C = A-B	233,634	236,571
Number of shares entitled to dividend	D	5,078,525	5,078,525
Net value (investment value) (€)	C/D	46.00	46.58
		30.06.2022	31.12.2021
Equity attributable to the shareholders of the parent company (€ thousands):	A	225,714	228,714
Number of shares entitled to dividend	B	5,078,525	5,078,525
Net value (fair value) (€)	A/B	44.46	45.04

Transfer rights

(€ thousands)		30.06.2022	31.12.2021
Investment value of the real estate portfolio	A	322,503	322,401
Faire value of the real estate portfolio	B	314,643	314,453
Transfer rights	B-A	-7,860	-7,858

Average yield of the portfolio

		30.06.2022	31.12.2021
Rental income (€ thousands)	A	18,174	18,159
Fair value of the investment properties (€ thousands)	B	314,634	314,453
Average yield (%)	A/B	5.78%	5.78%

Financial result (excluding changes in the fair value of the financial assets and liabilities)

(€ thousands)		30.06.2022	30.06.2021
Financial result	A	1,034	-468
Variations in the fair value of financial assets and liabilities	B	1,811	336
Financial result (excluding changes in the fair value of the financial assets and liabilities)	A/B	-777	-804

Average interest rate of financing

		30.06.2022	30.06.2021
Net interest charges (€ thousands)	A	776	801
Interest charges related to IFRS 16 right-of-use assets (€ thousands)	B	7	8
Net interest charges related to external financing (€ thousands)	C=A-B	769	793
Average debt over the period	D	82,617	89,578
Average interest rate of financing (based on 360/365) (%)	C/D	1.85%	1.76%

Result on portfolio

(€ thousands)		30.06.2022	30.06.2021
Result on the disposal of investment properties	A	0	398
Variations in the fair value of investment properties	B	23	-7,781
Other result on portfolio	C	84	96
Result on portfolio	A+B+C	107	-7,287

EPRA earnings

(€ thousands)		30.06.2022	30.06.2021
Net result	A	8,233	-363
On condition of elimination from the net result (+/-):			
• Variations in the fair value of investment properties	B	23	-7,781
• Result on the disposal of investment properties	C	0	398
• Variations in the fair value of financial assets and liabilities	D	1,811	336
• Taxes: deferred taxes	E	-22	-43
• Other result on portfolio	F	84	96
• Non-distributable result subsidiaries	G	-12	-3
EPRA earnings	A-B-C-D-E-F-F-G	6,349	6,634

EPRA earnings per share

		30.06.2022	30.06.2021
EPRA earnings (€ thousands)	A	6,349	6,634
Weighted average number of shares	B	5,078,525	5,078,525
EPRA earnings (€/share)	A/B	1.25	1.31

EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) en
EPRA Net Disposal Value (NDV)

(€ thousands)		30.06.2022		
		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to the shareholders of the parent company:	A	225,774	225,774	225,774
Diluted NAV of fair value	B	225,774	225,774	225,774
To be excluded:	C = D+E+F	-394	-508	-
• Deferred Taxes pertaining to the revaluation of fair value of real estate investments	D	214	214	0
• Fair value of the financial instruments	E	-608	-608	0
• Intangible fixed assets according to the IFRS Balance Sheet	F	0	114	0
To be added	G = H+I	7,860	-	-
• Fair value of fixed interest rate debt	H			
• Real estate transfer tax	I	7,860	0	0
NAV	J = B+C+G	233,240	225,226	225,774
Diluted number of shares	K	5,078,525	5,078,525	5,078,525
NAV (€/share)	J/K	45.93	44.36	44.46

(€ thousands)		31.12.2021		
		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to the shareholders of the parent company:	A	228,714	228,714	228,714
Diluted NAV of fair value	B	228,714	228,714	228,714
To be excluded:	C = D+E+F	1,394	1,257	-
• Deferred Taxes pertaining to the revaluation of fair value of real estate investments	D	191	191	0
• Fair value of the financial instruments	E	1,203	1,203	0
• Intangible fixed assets according to the IFRS Balance Sheet	F	0	-137	0
To be added	G = H+I	7,858	-	-
• Fair value of fixed interest rate debt	H			
• Real estate transfer tax	I	7,858	0	0
NAV	J = B+C+G	237,966	229,971	228,714
Diluted number of shares	K	5,078,525	5,078,525	5,078,525
NAV (€/share)	J/K	46.86	45.28	45.04

EPRA Net Initial Yield (NIR) and EPRA adjusted NIY

(€ thousands)		30.06.2022	31.12.2021
Investment properties and properties held for sale	A	314,463	314,543
To be excluded:			
• IFRS 16 right-of-use assets	B	-232	-239
• Project developments intended for lease	C	0	0
Real estate available for lease	D= A+B+C	314,411	314,304
To be added:			
• Transfer rights	E	7,860	7,858
Investment value of properties available for lease	F= D+E	322,271	322,162
Annualised gross rental income	G	17,348	17,510
To be excluded:			
• Property charges ¹³	H	-1,461	-1,518
Annualised net rental income	I = G+H	15,978	15,992
Adjustments:			
Rent expiration of rent free periods or other lease incentives	J	515	514
Annualised 'topped-up' net rental income	K= I+J	16,493	16,506
(in %)			
EPRA NET INITIAL YIELD	I/F	5.0%	5.0%
EPRA ADJUSTED NET INITIAL YIELD	K/F	5.1%	5.1%

¹³⁾ The perimeter of the property charges to be excluded for the calculation of the EPRA Net Initial Yield is set out in the EPRA Best Practices and does not correspond to the 'Property charges' as presented in the consolidated IFRS accounts.

EPRA vacancy rate

				30.06.2022	31.12.2021
	Leasable space (in m ²)	Estimated rental value (ERV) on vacancy (€ thousands)	Estimated rental value (ERV) (€ thousands)	EPRA vacancy rate (in %)	EPRA vacancy rate (in %)
		A	B	A/B	
Flanders	56,359	145	12,105	1.2%	0.3%
Brussels	8,848	0	2,947	0.0%	0.0%
Walloon Region	10,879	76	1,919	4.0%	5.0%
Total real estate available for lease	76,086	221	12,971	1.3%	0.8%

EPRA Cost Ratios

(€ thousands)

		30.06.2022	30.06.2021
General costs	A	726	448
Write-downs on trade receivables	B	-25	-187
Property charges	C	813	832
EPRA costs (including direct vacancy costs)	D = A+B+C	1,514	1,094
Direct vacancy costs	E	-61	-97
EPRA costs (excluding direct vacancy costs)	F = D+E	1,454	997
Rental income less compensations for leasehold estate and long-lease rights	G	8,593	8,423
(%)			
EPRA Cost ratio (including direct vacancy costs)	D/G	17.6%	13.0%
EPRA Cost ratio (excluding direct vacancy costs)	F/G	16.9%	11.8%

About Vastned Belgium: Vastned Belgium is a public regulated real estate company (GVV), the shares of which are listed on Euronext Brussels (VASTB). Vastned Belgium invests exclusively in Belgian commercial real estate, more specifically in multi-functional retail properties located in the popular shopping cities of Antwerp, Brussels, Ghent and Bruges. The real estate portfolio also comprises high-end retail parks and retail warehouses. A smaller part of the portfolio is invested in hospitality and residential units.

For more information, please contact: Vastned Belgium nv, a public regulated real estate company under Belgian law, Sven Bosman – Operational Managing Director ad interim, tel. +32 3 361 05 92 // www.vastned.be

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