

Press release

Interim statement of the board of directors as at 30 September 2014 on the third quarter of financial year 2014

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Antwerp, 28 October 2014

For 3 % of the real estate portfolio letting transactions have been realised with an average rental increase of 16 % in the third quarter of 2014.

Operating distributable result in the first nine months of 2014: € 2,02 (€ 1,96 in the first nine months of 2013).

Acquisition in July 2014 of a premium high street shop in the inner-city of Ghent, Veldstraat 23-27.

Sale of two inner-city shops on secondary locations in Antwerp in the third quarter of 2014.

Slight decrease in fair value of the existing real estate portfolio for the first nine months of 2014 of 0,3 %¹.

On 30 September 2014, 62 % of the real estate portfolio is invested in high street shops.

Occupancy rate: 96,0 % (95,4 % on 31 December 2013).

Expected gross dividend for financial year 2014: between € 2,68 and € 2,73 per share (€ 2,65 for financial year 2013) offering a gross dividend yield of approximately 4,9 % based on the closing share price on 30 September 2014 (€ 55,00).

Change of status into a regulated real estate company (RREC) approved by the general meeting of shareholders on 27 October 2014.

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

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1. Operational activities in the third quarter of 2014

New lettings and rental renewals

For 3 % of the real estate portfolio letting transactions have been realised with an average rental increase of 16 % in the third quarter of 2014.

In the third quarter of 2014 Vastned Retail Belgium has concluded 4 lease contracts with **new tenants**, good for a rental volume of approximately € 182.000 on an annual basis. In the Roosevelt Centre in Vilvorde the commercialisation following the renovation in 2012 is nearly finished. In Julianus Shopping Tongeren a lease contract for a space of 1.223 m² has been concluded with the fitness centre Basic Fit.

Furthermore, Vastned Retail Belgium has **renewed** in the third quarter of 2014, **6 lease contracts** for a rental volume of approximately € 612.000 on an annual basis. Vastned Retail Belgium could realise two significant rental renewals in Tielt-Winge with an average rental increase of 50 % compared to previous rental level, which confirms the quality of this premium retail warehouse project.

Operating distributable result

The **operating distributable result** of Vastned Retail Belgium increases in the first nine months of 2014 and amounts to € 2,02 per share compared to € 1,96 in the first nine month of previous financial year. This increase of 3 % per share is due mainly to lower financing costs as a result of interest rate swaps that have taken effect at lower interest rates, combined with an increase in rental income. The decrease in rental income through the gradual sale of approximately 2 % of the real estate portfolio in the course of 2013 and 2014 is partly compensated by the acquisition of premium high street shops in Bruges and Ghent as well as by rental renewals and indexations of lease contracts in the existing real estate portfolio.

Tielt-Winge, Gouden Kruispunt - 19.096 m²



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Acquisition of a premium high street shop in Ghent, Veldstraat 23-27

After the acquisition in 2013 of the superb historical building on Steenstraat 38 in Bruges, Vastned Retail Belgium has succeeded once again to acquire at the end of July 2014 a premium high street shop, this time on **Veldstraat 23-27 in Ghent let to H&M**. The commercial building is situated at the very best location of the Veldstraat, at the corner with the Bennesteeg and has a façade of 25 meters on the Veldstraat and 28 meters on the Bennesteeg.

Ghent belongs to the top 3 of Belgian retail cities. The footfall on the Veldstraat amounts weekly to 150.000 people on average. Vastned Retail Belgium strengthens its position with this acquisition in Ghent where it owns also other commercial buildings on Veldstraat, Zonnestraat and Volderstraat.

The commercial space of this premium high street shop consists of a ground floor of 1.025 m² and a first floor of 850 m². On the first and second floor storage and social space are provided as well as technical space.

H&M is a Swedish fashion chain with more than 3.200 branches spread over more than 54 countries, employing approximately 116.000 people. The group consists, beside H&M, of 5 other independent brands: COS, Monki, Weekday, Cheap Monday and & Other Stories, launched in March 2013.

The acquisition of this commercial building fits into the stricter investment strategy of Vastned Retail Belgium which focuses on premium high street shops in the most popular commercial streets in larger cities with a strong shopping district so that on term high street shops will represent about 65 % of the real estate portfolio. Through the acquisition of this commercial building the share of high street shops grows from 59 % to 62 % in the portfolio of Vastned Retail Belgium.

The commercial building has been acquired for an investment value of approximately € 27,7 million at market rate yield. This acquisition generates for the company rental income of approximately € 1,1 million on an annual basis and contributes to the consolidated operating distributable result. The transaction is funded from the existing credit lines of the company and from the transfer of the credit facilities of the acquired company.



Ghent, Veldstraat - 2.690 m²

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Divestments

In the third quarter of 2014 Vastned Retail Belgium has sold **two non-strategic inner-city shops on secondary locations in Antwerp**.

In the first nine months of 2014 a total of four commercial buildings have been sold (Hasselt, Wilrijk and Antwerp) at a total sales price of € 5,2 million and

a commercial space of 5.417 m². On average, these divestments are realised at the carrying amount on 31 December 2013 (fair value as determined by the independent property expert of the company). The four buildings represent together approximately 1,4 % of the total fair value of the real estate portfolio of the company.

Investment properties

In the first nine months of 2014, the **fair value of the investment properties** of Vastned Retail Belgium increases by € 20 million compared to the fair value on 31 December 2013 and amounts on 30 September 2014 to € 382 million (€ 362 million on 31 December 2013). The increase of the investment properties in 2014 is due mainly to the investment in a premium high street shop in Ghent and the divestment of four non-strategic retail warehouses, with a total fair value (on 31 December 2013) of € 5,1 million.

Following the acquisition of a premium high street shop in Ghent and the sale of four non-strategic commercial buildings, the investment in premium high street shops represents on 30 September 2014 62 % of the total fair value of the investment properties of the company.

The **occupancy rate** of the portfolio amounts to 96,0 % on 30 September 2014. The increase of 0,6 % compared to 31 December 2013 results from lettings, mainly in Philippeville and Vilvorde. The occupancy rate of the real estate portfolio except buildings under renovation amounts to 96,5 % on 30 September 2014 (96,0 % on 31 December 2013).

| REAL ESTATE PATRIMONY | 30.09.2014 | 31.12.2013 | 30.09.2013 |
|--|------------|------------|------------|
| Fair value of investment properties (€ 000) | 382.297 | 361.678 | 363.552 |
| Investment value of investment properties (€ 000) | 391.855 | 370.720 | 372.640 |
| Total leasable space (m ²) | 145.434 | 146.962 | 147.313 |
| Occupancy rate ² (%) | 96,0 % | 95,4 % | 95,8 % |
| Occupancy rate except buildings under renovation (%) | 96,5 % | 96,0 % | 96,4 % |

² 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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Change from real estate investment company into regulated real estate company (RREC)

The extraordinary general meeting of shareholders held on 27 October 2014, has approved unanimously the change of the articles of association of Vastned Retail Belgium in view of the status change from real estate investment company into a regulated real estate company ("RREC").

Since no exit right was exercised and all conditions precedent to which the change of the articles of association were subject, are thus fulfilled, Vastned Retail Belgium benefits of the status of public RREC immediately, with effect from 27 October 2014.

Vastned Retail Belgium is pleased with this new status, which corresponds better to the economic reality and provides an adjusted legal framework that is aligned with the capacity of Vastned Retail Belgium as an operating and commercial real estate company. This status allows Vastned Retail Belgium to continue its current activities in the interest of the company, its shareholders and other stakeholders.

2. Financial results of the first three quarters of 2014³

In the first nine months of 2014 **rental income** of Vastned Retail Belgium amounts to € 16,5 million (€ 16,3 million). The increase of € 0,2 million compared to the same period of previous year is mainly due to, on the one hand, the acquisition of two premium high streets shop in the centre of Bruges and Ghent as well as to indexations of existing lease contracts and realised rental renewals, partly compensated, on the other hand, by the gradual sale of approximately 2 % of the real estate portfolio in the course of 2013 and 2014.

Property charges of the company increase in the first nine months of 2014 to - € 1,9 million (- € 1,7 million) as a result of higher technical costs and commercial costs, mainly brokers' fees for lettings.

General costs increase in the first nine months of 2014 to - € 0,9 million (- € 0,8 million) through advice and publishing costs for the status change of the company from real estate investment company into public regulated real estate company.

As two retail warehouses located in Hasselt and Wilrijk and two inner-city shops located in Antwerp with a total fair value of € 5,1 million (on 31 December 2013) have been sold on average at the carrying amount, the **result on disposals of investment properties** amounts to € 0 million (€ 0,3 million).

In the first nine months of 2014 the fair value of the real estate portfolio has slightly decreased. The **changes in fair value of investment properties** amount to - € 1,0 million (- € 1,8 million). This decrease is mainly related to retail warehouses on secondary locations.

The **other result on portfolio** comprises on 30 September 2014 the immediate write off of the difference in price of - € 1,1 million on the acquisition of the shares of the company Veldstraat 23-27 sa (owner of the premium high street shop in Ghent) on 31 July 2014. IFRS 3 is not applicable on this acquisition.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounts for the first nine months of 2014 to - € 3,2 million (- € 3,7 million). The decrease of € 0,5 million results mainly from the start of interest rate swaps (for hedging credit facilities with a 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 company for the first nine months of 2014 has decreased to 3,3 % including bank margins compared to 4,2 % for the first nine months of 2013.

Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) in the first nine months 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 - € 1,3 million (€ 1,6 million). This devaluation results from the decrease of the interest rate curve.

³ Between brackets comparable figures on 30 September 2013.

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The **net result** of Vastned Retail Belgium amounts to € 6,9 million (€ 10,0 million) for the first nine months of 2014 and can be divided in:

- The **operating distributable result** of € 10,2 million (€ 10,0 million) or an increase of € 0,2 million mainly through the increase of rental income, and the lower financing costs as a result of interest rate swaps that start at lower interest rates, partly compensated by higher property charges.

- The **result on portfolio** of - € 2,1 million (- € 1,6 million)
- **Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 1,3 million (€ 1,6 million).

This represents **per share** for the first nine months of 2014 an **operating distributable result** of € 2,02 or an increase of 3 % compared to the same period of previous year (€ 1,96).

| KEY FIGURES PER SHARE | 30.09.2014 | 31.12.2013 | 30.09.2013 |
|---|------------|------------|------------|
| Number of shares entitled to dividend | 5.078.525 | 5.078.525 | 5.078.525 |
| Net result (9 months/1 year/9 months) (€) | 1,36 | 2,40 | 1,96 |
| Operating distributable result (9 months/1 year/9 months) (€) | 2,02 | 2,65 | 1,96 |
| Net asset value (fair value) (€) | 45,13 | 46,37 | 45,86 |
| Net asset value (investment value) (€) | 46,91 | 48,13 | 47,62 |
| Net asset value EPRA (€) | 46,06 | 47,08 | 46,64 |
| Share price on closing date (€) | 55,00 | 52,40 | 51,01 |
| Premium to net asset value (fair value) (%) | 22 % | 13 % | 11 % |

On 30 September 2014, **the net asset value (fair value)** of the share is € 45,13 (€ 46,37 on 31 December 2013). Given that the share price on 30 September 2014 is € 55,00, the share is quoted with a premium of 22 % compared to this net asset value (fair value).

The **debt ratio** of the company amounts to 39 % on 30 September 2014 and has increased herewith by 5 % compared to 31 December 2013, through the financing with borrowed capital of the acquisition of the premium high street shop on Veldstraat in Ghent.

On 30 September 2014 62 % of **credit lines** of the company are long-term financings with an average remaining duration of 2,4 years. 38 % of the credit lines

are short-term financings of which 11 % credit facilities with an unlimited duration (€ 17 million), 11 % a short-term financing (€ 17 million) and 16 % a credit facility expiring in the first quarter of 2015 (€ 25 million).

On 30 September 2014, 58 % of the credit lines have a fixed interest rate or are fixed by interest rate swaps. The interest rates on the credit facilities of the company are fixed for a remaining period of 3,4 years on average. On 30 September 2014 Vastned Retail Belgium has € 11 million non-withdrawn credit lines at financial institutions to meet the fluctuations of liquidity needs of the company.

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3. Forecasts 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.

Except for unexpected evolutions, such as important bankruptcies of tenants or unforeseen increases of interest rates, Vastned Retail Belgium estimates to be able to propose its shareholders a gross dividend per share between € 2,68 and € 2,73 (compared to € 2,65 for financial year 2013). This represents a gross dividend yield of approximately 4,9 %, based on the closing share price on 30 September 2014 (€ 55,00).

Bruges, Steenstraat - 1.998 m²



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

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Annexes

Consolidated income statement (9 months)

| in thousands € | 30.09.2014 | 30.09.2013 |
|---|---------------|---------------|
| Rental income | 16.470 | 16.297 |
| Rental-related expenses | -131 | -99 |
| NET RENTAL INCOME | 16.339 | 16.198 |
| Property management costs and income | 39 | 27 |
| PROPERTY RESULT | 16.378 | 16.225 |
| Technical costs | -453 | -388 |
| Commercial costs | -223 | -158 |
| Charges and taxes on unlet properties | -183 | -112 |
| Property management costs | -927 | -929 |
| Other property charges | -81 | -118 |
| PROPERTY CHARGES | -1.867 | -1.705 |
| OPERATING PROPERTY RESULT | 14.511 | 14.520 |
| General costs | -937 | -802 |
| Other operating income and costs | 19 | 70 |
| OPERATING RESULT BEFORE RESULT ON PORTFOLIO | 13.593 | 13.788 |
| Result on disposals of investment properties | 36 | 259 |
| Changes in fair value of investment properties | -986 | -1.794 |
| Other result on portfolio | -1.145 | -91 |
| OPERATING RESULT | 11.498 | 12.162 |
| Financial income | 1 | 2 |
| Net interest charges | -3.219 | -3.737 |
| Other financial charges | -8 | -8 |
| Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) | -1.319 | 1.561 |
| FINANCIAL RESULT | -4.545 | -2.182 |
| RESULT BEFORE TAXES | 6.953 | 9.980 |
| Taxes | -63 | -24 |
| NET RESULT | 6.890 | 9.956 |

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Consolidated income statement (continued)

| in thousands € | 30.09.2014 | 30.09.2013 |
|--|--------------|--------------|
| NET RESULT | 6.890 | 9.956 |
| Note: | | |
| Operating distributable result | 10.240 | 9.969 |
| Result on portfolio | -2.095 | -1.626 |
| Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements | -1.255 | 1.613 |
| Attributable to: | | |
| Equity holders of the parent company | 6.897 | 9.956 |
| Minority interests | -7 | 0 |

| RESULTS PER SHARE | 30.09.2014 | 30.09.2013 |
|---------------------------------------|------------|------------|
| Number of shares entitled to dividend | 5.078.525 | 5.078.525 |
| Net result (€) | 1,36 | 1,96 |
| Diluted net result (€) | 1,36 | 1,96 |
| Operating distributable result (€) | 2,02 | 1,96 |

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Consolidated statement of comprehensive income (9 months)

| in thousands € | 30.09.2014 | 30.09.2013 |
|---|--------------|---------------|
| NET RESULT | 6.890 | 9.956 |
| 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 | 292 | 1.148 |
| COMPREHENSIVE INCOME | 7.182 | 11.104 |
| Attributable to: | | |
| Equity holders of the parent company | 7.189 | 11.104 |
| Minority interests | -7 | 0 |

Consolidated balance sheet

| ASSETS in thousands € | 30.09.2014 | 31.12.2013 |
|--|----------------|----------------|
| NON-CURRENT ASSETS | 382.815 | 362.265 |
| Intangible assets | 3 | 7 |
| Investment properties | 382.297 | 361.678 |
| Other tangible assets | 508 | 560 |
| Non-current financial assets | 0 | 17 |
| Trade receivables and other non-current assets | 7 | 3 |
| CURRENT ASSETS | 2.827 | 2.768 |
| Assets held for sale | 1.220 | 0 |
| Trade receivables | 335 | 173 |
| Tax receivables and other current assets | 194 | 91 |
| Cash and cash equivalents | 392 | 1.860 |
| Deferred charges and accrued income | 686 | 644 |
| TOTAL ASSETS | 385.642 | 365.033 |

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Consolidated balance sheet (continued)

| SHAREHOLDERS' EQUITY AND LIABILITIES in thousands € | 30.09.2014 | 31.12.2013 |
|--|----------------|----------------|
| SHAREHOLDERS' EQUITY | 229.364 | 235.467 |
| Shareholders' equity attributable to the shareholders of the parent company | 229.198 | 235.467 |
| Share capital | 97.213 | 97.213 |
| Share premium | 4.183 | 4.183 |
| Reserves | 120.905 | 121.877 |
| Net result of the financial year | 6.897 | 12.194 |
| Minority interests | 166 | 0 |
| LIABILITIES | 156.278 | 129.566 |
| Non-current liabilities | 95.437 | 116.965 |
| Non-current financial debts | 90.607 | 113.712 |
| <i>Credit institutions</i> | 90.600 | 113.700 |
| <i>Financial lease</i> | 7 | 12 |
| Other non-current financial liabilities | 4.635 | 3.106 |
| Other non-current liabilities | 133 | 109 |
| Deferred taxes - liabilities | 62 | 38 |
| Current liabilities | 60.841 | 12.601 |
| Current financial debts | 53.106 | 8.405 |
| <i>Credit institutions</i> | 36.100 | 8.400 |
| <i>Financial lease</i> | 6 | 5 |
| <i>Other current financial debts</i> | 17.000 | 0 |
| Other current financial liabilities | 2 | 521 |
| Trade debts and other current debts | 6.231 | 2.576 |
| Other current liabilities | 164 | 175 |
| Accrued charges and deferred income | 1.338 | 924 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 385.642 | 365.033 |