

Interim statement by the Board of Directors on the first quarter of 2019

- Continued execution of the strategy with a clear focus on high-quality retail properties.
- As at 31 March 2019, the real estate portfolio consists of high-quality inner-city properties and retail parks.
- In view of the current quality of the portfolio, a distinction is no longer made between core city assets and mixed retail locations.
- Occupancy rate as at 31 March 2019: 97% (98% as at 31 December 2018).
- Management focus in 2019 mainly on maintaining the high occupancy rate.
- Decrease in the fair value of the existing real estate portfolio by €7.8 million¹ in the first quarter of 2019, mainly the result of a continued decrease in the estimated rental values.
- Increase of the EPRA earnings² in the first quarter of 2019 of 2% to €0.67 per share (€0.66 for the first quarter of 2018).
- Limited debt ratio of 27% as at 31 March 2019.

¹ With unchanged composition of the real estate portfolio compared with 31 December 2018

² In accordance with the issued guidelines of the European Securities and Markets Authority (ESMA), which are applicable as of 3 July 2016, the Alternative Performance Measures (APM) used by Vastned Retail Belgium are included. The definitions, the use and the related reconciliation tables are included in the chapter "Alternative Performance Measures" of the Annual Report 2018 and also on the website www.vastned.be there is a separate Lexicon available with regard to these APM's. A consequence of these guidelines is that the term used prior to this, "operating distributable result", is no longer usable and has been changed to "EPRA earnings". However, with regard to content there is no difference from "operating distributable result"; the term used previously.

1. Operational activities in the first quarter of 2019

Leases

In the first quarter of 2019, Vastned Retail Belgium realised nine rental transactions representing approximately 3% of the total annual rental income.

- Six rental transactions were concluded with new tenants for a total annual rental volume of €0.4 million. The new rent for these lease agreements is 7.5% higher than the rent for the previous lease agreements.
- Three lease agreements were renewed for an annual rental volume of €0.1 million. As a result, the new rent for these lease agreements is 13.9% (or €24,000 on an annual basis) lower than the rent being charged in the current lease agreements. The decline in rent is mainly attributable to some units in secondary cities in the Walloon region.

Following the departure of furniture retailer Seats & Sofa's at the Gouden Kruispunt retail park in Tielt-Winge, a rental agreement was concluded with Jysk, a Danish international furniture retailer with 2,700 points of sale in 52 countries which sells "everything for the home". The building is currently being renovated, and by removing an intermediate floor in this retail unit a shop of 2,000 m² is being created with a free height of 5.5 metres on the ground floor.

Redevelopments

In the meantime, planning permission has been obtained for the development of a duplex apartment above the retail property located at Schuttershofstraat 30, which is operated by the French high-end fashion retailer ZAPA. Wherever possi-

ble, it is the intention of Vastned Retail Belgium to allocate a residential purpose to the vacant floors above shops and in this way create added value in the real estate portfolio.



Antwerp - Schuttershofstraat - ZAPA

Occupancy rate³

OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION)	31.03.2019	31.12.2018
Occupancy rate of the real estate portfolio	97%	98%

The occupancy rate of the real estate portfolio amounted to 97% as at 31 March 2019, falling by 1% compared to 31 December 2018. In the current circumstances in the retail market, contract negotiations are taking up more time.

As a result, the company has not succeeded in concluding new contracts following the departure of tenants, as a result of which the portfolio is faced with somewhat longer vacancy periods.

Evolution of fair value

REAL ESTATE PORTFOLIO	31.03.2019	31.12.2018
Fair value of investment properties (€ 000)	364.699	372.278
Total leasable space (m ²)	89.577	89.730

As at 31 March 2019 the fair value of the real estate portfolio of Vastned Retail Belgium amounted to €365 million, a decrease of €7 million compared to year-end 2018 (€372 million as per 31 December 2018). This decline is mainly the result of a further decrease in the estimated rental values. The decrease in estimated rental values is the result of the changes taking place in the retail landscape, which include the constant search for the right balance between online and offline sales by retailers and the changed spending patterns of consumers.

As at 31 March 2019, the total leasable space is 89.577 m².

Composition of the real estate portfolio

No changes were made during the first quarter of 2019 to the composition of the real estate portfolio compared to 31 December 2018. As at 31 March 2019, the majority of the port-

folio consisted of high-quality inner-city properties located in the cities of Antwerp, Brussels, Ghent and Bruges and state-of-the-art retail parks.

³ The occupancy rate is calculated as the ratio between the rental income and the sum of this income and the estimated rental income of unoccupied rental premises.

2. Financial results for the first quarter of 2019

Consolidated income statement

IN THOUSANDS €	31.03.2019	31.03.2018
Rental income	4.868	4.832
Rental-related expenses	-41	-39
Property management costs and income	4	30
PROPERTY RESULT	4.831	4.823
Property charges	-539	-529
General costs and other operating income and costs	-451	-506
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	3.841	3.788
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-7.757	25
Other result on portfolio	44	54
OPERATING RESULT	-3.872	3.867
Financial result (excl. changes in financial instruments)	-424	-428
Changes in fair value of financial instruments	-387	171
Taxes	-10	-15
NET RESULT	-4.693	3.595
Note:		
EPRA result	3.407	3.330
Result on portfolio	-7.713	79
Changes in fair value of financial instruments and other non-distributable elements	-387	186

INFORMATION PER SHARE	31.03.2019	31.03.2018
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	-0,92	0,71
EPRA result (€)	0,67	0,66

Analysis of the results⁴

The rental income of Vastned Retail Belgium in the first quarter of 2019 amounted to €4.9 million (€4.8 million). The increase of €0.1 million is mainly attributable to new leases that were concluded over the course of the 2018 financial year, as well as indexations of existing lease agreements and lease renewals realised.

The real estate costs amounted to €0.5 million (€0.5 million) and remained stable compared to the same period last year. The real estate costs mainly relate to commercial costs such as commissions and lawyers' fees, technical costs for maintenance of the buildings and costs for management of the retail properties. The general costs amount to €0.5 million (€0.5 million) and have therefore remained stable compared to the same period last year.

The changes in the fair value of the investment properties are negative in the first quarter of 2019 and amounted to €-7.8 million (€25.000). This decrease is entirely attributable to the decrease in the fair value of the existing real estate portfolio, as a result of the continued decrease in the estimated rental values.

The financial result (excl. changes in fair value of financial instruments) amounted to €-0.4 million as at 31 March 2019 (€-0.4 million). The average interest rate for financing amounted to 1.7%, including bank margins for the first quarter of 2019 (1.7%).

The changes in the fair value of financial instruments in the first quarter of 2019 included the increase in the negative market value of the interest rate swaps which, in line with IAS 39 - Financial Instruments: Recognition and Measurement, cannot be classified as cash flow hedging instruments, in the amount of €-0.4 million (€0.2 million).

The net result of Vastned Retail Belgium for the first quarter of 2019 amounted to €-4.7 million (€3.6 million) and may be divided into:

- EPRA earnings of €3.4 million (€3.3 million), or an increase of approximately 2%;
- results on the portfolio of €-7.7 million (€0.1 million);
- changes in the fair value of financial instruments and other non-distributable elements in the amount of €-0.4 million (€0.2 million).

The EPRA earnings per share are therefore €0.67 for the first quarter of 2019 or an increase of one euro cent compared to the same period of the previous year (€0.66 per share).

KEY FIGURES PER SHARE	31.03.2019	31.12.2018
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	51,93	52,86
Net value (investment value) (€)	53,88	54,78
Net asset value EPRA (€)	52,46	53,31
Share price on closing date (€)	49,60	40,90
Premium (+) / Discount (-) with regard to fair net value (%)	-5%	-23%

As at 31 March 2019, the net value (fair value) is €51.93 per share (€52.86 as at 31 December 2018). As the share price of Vastned Retail Belgium amounted to €49.60 on 31 March 2019, the share was listed as at 31 March 2019 with a discount of 5% compared to this net value (fair value).

The debt ratio of the company has decreased by 0.5% in the first quarter of 2019 and amounted to 27% as at 31 March 2019 (27.5% as at 31 December 2018).

⁴ Comparative figures for the first quarter of 2018 are between brackets.

3. General Meeting and dividend distribution

The General Meeting of Shareholders of 24 April 2019 approved the statutory and consolidated annual accounts of Vastned Retail Belgium closed on 31 December 2018, including the profit appropriation. A gross dividend of €2.85 per share is being distributed for the 2018 financial year. After deducting an amount of 30% for withholding tax, the net dividend for the 2018 financial year amounts to €1.995 per share. The dividend is payable as from 9 May 2019 based on the shareholding on 8 May 2019.

As regards dematerialised shares, the financial institutions with which the shares are held in a securities account pay the dividend to the holders. The company automatically pays the dividend for the registered shares to the shareholders by bank transfer.



Antwerp - Steenhouwersvest - Pain Quotidien - Damoy - Diane Von Furstenberg

4. Outlook for 2019

Vastned Retail Belgium intends to pursue its strategy further in 2019 by focusing more explicitly on premium-quality retail locations and retail parks. The company will continue to work towards a clear predominance of the very best retail property in the most popular shopping streets in the major cities. The primary focus is on the acquisition of retail property in the Antwerp city centre, and additionally in other major cities like Ghent, Brussels and Bruges. By focusing on a limited number of city centres, the market knowledge of the asset team of the company grows, thereby allowing for a good assessment of opportunities. New investments will, to a considerable extent depend on further developments on the retail property market. The long-term goal is to ensure that 75% of all investments are in high-quality retail properties in the most popular cities.

In past years, Vastned Retail Belgium has greatly increased the quality of its real estate portfolio by investing in high-quality inner-city assets and divesting from various non-strategic retail locations. The success of this strategic focus is resulting in a well-leased real estate portfolio showing a 97% occupancy rate. In view of the current quality of the portfolio, a distinction is no longer made between core city assets and mixed retail locations.

E-commerce is continuing to develop and, with the establishment of a European logistics centre in Liège, Chinese operator Alibaba is showing a serious commitment to the European market. Amazon has also indicated that they will focus on the

Dutch-language area. Furthermore, we see that consumers are spending an ever-increasing proportion of their available budget on smartphones, multimedia, restaurant visits and travel. All this means that the pressure on retail chains is increasing, which led to the bankruptcy during the first quarter of 2019 of chains such as CoolCat, Intertoys, New Look Belgium, Sissy Boy and Tony Mertens Interieur. As a result of a number of properties falling vacant and becoming available, among other things as a result of the above-mentioned bankruptcies, rental prices are coming under pressure and are currently either stagnating or declining. Even as a result of the declining margins among retailers, the rental prices are under pressure. Because of these declining margins, caused, on the one hand, by a changing spending pattern on the part of the consumer and, on the other hand, by the high investment costs in their e-commerce platforms, retailers are attempting to negotiate rent reductions, temporary rent discounts or turnover-related rents with their landlords.

However, physical stores that offer added value to their customers in the form of service, relevant information and a pleasant shopping experience will always retain their core role in retail trade.

The quality and diversification of Vastned Retail Belgium's real estate portfolio is expected to provide a solid basis for the future results of the real estate company.

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

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Disclaimer

This press release contains prospective information, forecasts, convictions and estimates prepared by Vastned Retail Belgium on the expected future performance of Vastned Retail Belgium and the markets in which it operates. Readers are held to observe that such prospects are subject to risks and uncertainties which can cause the actual results to differ considerably from those expressed in such prospective statements. Prospective statements such as these can be impacted by significant factors such as changes in the economic situation, tax, competitive along with environmental factors. Vastned Retail Belgium cannot guarantee that the assumptions underlying the prospective information are free of misstatements.

Financial statements

1. Consolidated income statement

IN THOUSANDS €	31.03.2019	31.03.2018
Rental income	4.868	4.832
Rental-related expenses	-41	-39
NET RENTAL INCOME	4.827	4.793
Recovery of rental charges and taxes normally payable by tenants on let properties	1.097	1.094
Rental charges and taxes normally payable by tenants on let properties	-1.097	-1.094
Other rental-related income and expenses	4	30
PROPERTY RESULT	4.831	4.823
Technical costs	-140	-211
Commercial costs	-33	-28
Charges and taxes on unlet properties	-80	-30
Property management costs	-278	-251
Other property charges	-8	-9
Property charges	-539	-529
OPERATING PROPERTY RESULT	4.292	4.294
General expenses	-455	-509
Other operating income and expenses	4	3
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	3.841	3.788
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-7.757	25
Other result on portfolio	44	54
OPERATING RESULT	-3.872	3.867
Financial income	0	1
Net interest charges	-423	-427
Other financial charges	-1	-2
Changes in fair value of financial instruments	-387	171
Financial result	-811	-257
RESULT BEFORE TAXES	-4.683	3.610
Taxes	-10	-15
NET RESULT	-4.693	3.595

IN THOUSANDS €	31.03.2019	31.03.2018
Note:		
EPRA result	3.407	3.330
Result on portfolio	-7.713	79
Changes in fair value of financial instruments and other non-distributable elements	-387	186
Attributable to:		
Shareholders of the parent company	-4.693	3.595
Non-controlling interests	0	0

2. Consolidated statement of comprehensive income

IN THOUSANDS €	31.03.2019	31.03.2018
NET RESULT	-4.693	3.595
Other components of comprehensive income (recyclable through income statement)		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
COMPREHENSIVE INCOME	-4.693	3.595
Attributable to:		
Shareholders of the parent company	-4.693	3.595
Non-controlling interests	0	0

3. Consolidated balance sheet

ASSETS IN THOUSANDS €	31.03.2019	31.12.2018
Non-current assets	365.185	372.782
Intangible assets	13	13
Investment properties	364.699	372.278
Other tangible assets	470	488
Trade receivables and other non-current assets	3	3
Current assets	2.733	1.658
Trade receivables	300	330
Tax receivables and other current assets	0	12
Cash and cash equivalents	570	512
Deferred charges and accrued income	1.863	804
TOTAL ASSETS	367.918	374.440
SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €	31.03.2019	31.12.2018
Shareholders' equity	263.749	268.442
Shareholders' equity attributable to the shareholders of the parent company	263.749	268.442
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	159.806	159.806
Net result of the financial year	7.240	7.240
Net result of the financial year - first quarter of 2019	-4.693	0
Non-controlling interests	0	0
Liabilities	104.169	105.998
Non-current liabilities	94.778	97.584
Non-current financial debts	91.976	95.161
<i>Credit institutions</i>	91.976	95.161
Other non-current financial liabilities	2.478	2.090
Other non-current liabilities	114	116
Deferred tax - liabilities	210	217
Current liabilities	9.391	8.414
Provisions	269	269
Current financial debts	4.700	4.850
<i>Credit institutions</i>	4.700	4.850
Trade debts and other current debts	2.131	2.084
Other current liabilities	621	603
Deferred income and accrued charges	1.670	608
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	367.918	374.440



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