

Interim statement by the Board of Directors as at 30 September for the third quarter of financial year 2019

- Increase in EPRA earnings¹ in the first nine months of 2019 to €2.17 per share (€2.12 for the first nine months of 2018), mainly the result of agreed leases on the one hand and more favourable than expected maintenance costs on the other.
- Increase of the bandwidth of the expected gross dividend for 2019 to €2.85 - €2.90 per share.
- Continued execution of the strategy with a clear focus on high-quality retail properties.
- As at 30 September 2019, the real estate portfolio consists of high-quality inner city properties and retail parks.
- Occupancy rate has increased more than 1% during the third quarter to 97% compared to 30 June 2019 (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 portfolio² by €9.1 million in the first nine months of 2019, mainly the result of a decrease in the estimated rental values.
- Extension of the duration of the revolving credit facilities by 1 year to 2024 under the same conditions.
- Limited debt ratio of 29% as at 30 September 2019.

¹ 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 APMs. 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.

² With unchanged composition of the real estate portfolio compared with 31 December 2018.

1. Operational activities in the third quarter of 2019

Rental activities

In the third quarter of 2019, Vastned Retail Belgium completed 10 rental transactions, which represent approximately 13% of the total annual rental income.

Six rental transactions were concluded with new tenants for a total annual rental volume of €1.4 million. The main new lease contracts were those with Pampling and Hairdis in Antwerp, Zara in Brussels and Edisac in Ghent. In addition, four lease agreements were also renewed for an annual rental volume of approximately €1.3 million. The most important lease renewals were those with H&M in Ghent and with Heytens in Aalst and Wavre.

The decrease in the concluded lease contracts was € 0,6 million. The rental prices negotiated by Vastned Retail Belgium are in line with the market rental prices determined by independent property experts. These market rental prices reflect the current sentiment in the retail market and are a weighted average of the recently concluded rental contracts.

Composition and evolution of the real estate portfolio as at 30 September 2019

As at 30 September 2019, the majority of the portfolio consisted of high-quality inner city properties located in the cities of Antwerp, Brussels, Ghent and Bruges and state-of-the-art retail parks. During the first nine months of 2019, Vastned Retail Belgium sold one non-strategic retail property located in the centre of Liège, for an amount of €0.7 million. Furthermore, on 25 June 2019, a sales compromise was signed without suspensory conditions for one retail park, for which

the deed was executed on 23 October 2019. This concerns a non-strategic retail park located in Ans that was sold for an amount of €2.5 million. On 30 September 2019, the retail park is still presented as an asset for sale, and the result of this sale (€1.0 million) will only be shown at the time the deed is executed. As at 30 September 2019, this result was still incorporated in the changes in fair value of investment properties.

Investment properties

| REAL ESTATE PORTFOLIO | 30.09.2019 | 31.12.2018 |
|---|---------------|---------------|
| Fair value of investment properties (€ 000) | 361.657 | 372.278 |
| Total leasable space (m²) | 85.915 | 89.730 |

As at 30 September 2019, the fair value of the investment properties amounted to €362 million, a €10 million decrease compared to the close of 2018 (€372 million as at 31 December 2018). This decrease is mainly the result of a further decrease in the estimated rental values on the one hand and of the divestment of two non-strategic retail locations on the other.

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.

Occupancy rate³

| OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION) | 30.09.2019 | 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 30 September 2019, falling by 1% compared to 31 December 2018. As a result of the rental contracts conclu-

ded during the third quarter, the company succeeded in increasing the occupancy rate by over 1% compared to 30 June 2019.

2. Financial results for the first three quarters of 2019

Consolidated income statement

| IN THOUSANDS € | 30.09.2019 | 30.09.2018 |
|---|---------------|---------------|
| Rental income | 14.517 | 14.486 |
| Rental-related expenses | -5 | -102 |
| Property management costs and income | 41 | 62 |
| PROPERTY RESULT | 14.553 | 14.446 |
| Property charges | -1.221 | -1.280 |
| General costs and other operating income and costs | -920 | -1.020 |
| OPERATING RESULT BEFORE RESULT ON PORTFOLIO | 12.412 | 12.146 |
| Result on disposal of investment properties | -154 | 0 |
| Changes in fair value of investment properties | -8.823 | -3.954 |
| Other result on portfolio | 35 | 214 |
| OPERATING RESULT | 3.470 | 8.406 |
| Financial result (excl. changes in fair value of financial instruments) | -1.336 | -1.305 |
| Changes in fair value of financial instruments | -588 | 206 |
| Taxes | -30 | -46 |
| NET RESULT | 1.516 | 7.261 |
| Note: | | |
| EPRA earnings | 11.045 | 10.750 |
| Result on portfolio | -8.942 | -3.739 |
| Changes in fair value of financial instruments and other non-distributable elements | -587 | 250 |

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.

Analysis of the results⁴

The **rental income** of Vastned Retail Belgium amounted to €14.5 million (€14.5 million) in the first nine months of 2019 and thus remained stable compared to the same period last year.

The **property charges** amount to €1.2 million (€1.3 million) and have fallen by €0.1 million, mainly due to the combined effect of a decrease in technical costs and an increase in commercial costs. The decrease in technical costs compared to the previous financial year is mainly the result of more favourable than expected maintenance activities within the real estate portfolio. The commercial costs mainly concern brokers' fees, which rose as a result of the rental transactions concluded in the third quarter of 2019.

The **general costs and other operating income and costs** amounted to €0.9 million (€1.0 million) and decreased by €0.1 million compared to the first semester of 2018. The decrease in general costs is mainly explained by the one-off costs in 2018 relating to the takeover bid that was made by the majority shareholder Vastned Retail N.V..

The **result on disposal of investment properties** amounts to €-0.2 million and comprises the capital loss realised on the sale of one non-strategic retail warehouse at a secondary location in 2019. The net sales price of €0.7 million is approximately 18% below the carrying amount as at 31 December 2018 (fair value as determined by the company's independent property expert).

The **changes in fair value of the investment properties** are negative in the first 9 months of 2019 and amounted to €-8.8 million (€-4.0 million). 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** (excluding changes in the fair value of financial instruments) for the first 9 months of 2019 amounted to €-1.3 million (€-1.3 million) and is thus fully in line with the same period last year. The average interest rate for financing amounted to 1.7%, including bank margins, for the first 9 months of 2019 (1.7%).

Changes in the fair value of financial instruments in the first 9 months of 2019 included the increase in the negative market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of €-0.6 million (€ 0.2 million).

The **net result** of Vastned Retail Belgium for the first nine months of 2019 amounts to €1.5 million (€7.3 million) and can be divided into:

- EPRA earnings of €11.1 million (€10.8 million) or an increase of €0.3 million, primarily due to the decrease in the property charges and the general costs of the company;
- results on the portfolio of €-8.9 million (€-3.8 million);
- changes in the fair value of financial instruments and other non-distributable elements in the amount of €-0.6 million (€0.3 million).

The EPRA earnings per share therefore amounts to €2.17 for the first nine months of 2019, or an increase of 5 eurocent compared to the same period last year (€2.12 per share).

⁴ The figures between brackets are the comparable figures as at 30 September 2018.

Key figures per share

| KEY FIGURES PER SHARE | 30.09.2019 | 31.12.2018 | 30.09.2018 |
|--|------------|------------|------------|
| Number of shares entitled to dividend | 5.078.525 | 5.078.525 | 5.078.525 |
| Net result (9 months/1year/9 months) (€) | 0,30 | 1,43 | 1,43 |
| EPRA earnings (9 months/1year/9 months) (€) | 2,17 | 2,85 | 2,12 |
| Net value (fair value) (€) | 50,31 | 52,86 | 52,86 |
| Net value (investment value) (€) | 52,23 | 54,78 | 54,75 |
| Net asset value EPRA (€) | 50,88 | 53,31 | 53,30 |
| Share price on closing date (€) | 44,80 | 40,90 | 47,30 |
| Premium (+) / Discount (-) with regard to fair net value (%) | -11% | -23% | -11% |

As at 30 September 2019, the net value (fair value) of the share was €50.31 (€52.86 as at 31 December 2018). As the share price of Vastned Retail Belgium was €44.80 on 30 September 2019, the share was quoted on 30 September 2019 at a discount of 11% compared to the net value (fair value).

The debt ratio of the company amounted to 29% as at 30 September 2019 and has thus increased by 1.5% in the first nine months of 2019 (27.5% as at 31 December 2018). The increase stems from the decrease in the fair value of the real estate portfolio.

During the third quarter of 2019, Vastned Retail Belgium was able to extend the duration of its revolving credit facilities by one year until July 2024, at the same conditions as those entered into upon the refinancing in 2017.

As at 30 September 2019, 92% of the credit lines were long-term financing, with an average remaining term of 4.7 years. 8% of the credit lines are short-term financing, 100% of which consists of financing with an indefinite duration.

As at 30 September 2019, 78% of the withdrawn credit facilities have a fixed interest rate, or the rate was fixed by means of interest rate swaps. The interest rates on the credit facilities of the company are fixed for a remaining duration of 3.8 years. As at 30 September 2019, Vastned Retail Belgium has € 21.4 million of available non-withdrawn credit lines at its financial institutions to cover the fluctuations of cash needs and for financing future investments.



Steenhouwersvest - Antwerp

3. Outlook for 2019

Vastned Retail Belgium intends to pursue its strategy further in 2019 by focusing 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 major cities in Belgium (Antwerp, Brussels, Ghent and Bruges). By focusing on a limited number of city centers, 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 continues to evolve and consumer spending patterns are increasingly shifting to higher expenditure on experiences and leisure and lower expenditure on clothes, shoes and accessories. All this means that the pressure on retail chains is increasing and during the first nine months of 2019 this has led to bankruptcies of several national and international chains. As a result of a number of properties

falling vacant and becoming available, rental prices are coming under pressure and are currently either stagnating or declining. The rental prices are also under pressure due to declining margins among retailers. 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. Top cities such as Antwerp, Brussels and Ghent however, must ensure their accessibility for interested shoppers.

The hospitality sector continues to develop with nice formats that provide the necessary “look & feel” in our shopping streets.

Except for unexpected changes, such as large-scale bankruptcies of tenants or unforeseen increases in interest rates, Vastned Retail Belgium estimates that it will be able to offer its shareholders a gross dividend per share between € 2.85 and € 2.90 for the financial year 2019 (compared to € 2.85 for the financial year 2018). This represents a gross dividend yield of approximately 6.4%, based on the closing share price as at 30 September 2019 (€ 44.8).



Veldstraat - Ghent

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.

For more information, please contact:

VASTNED RETAIL BELGIUM NV, a public regulated real estate company under Belgian law,
Rudi Taelmans - CEO or Elke Krols - CFO, tel. + 32 3 361 05 90, www.vastned.be

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 (9 months)

| IN THOUSANDS € | 30.09.2019 | 30.09.2018 |
|--|---------------|---------------|
| Rental income | 14.517 | 14.486 |
| Rental-related expenses | -5 | -102 |
| NET RENTAL INCOME | 14.512 | 14.384 |
| Other rental-related income and expenses | 41 | 62 |
| PROPERTY RESULT | 14.553 | 14.446 |
| Technical costs | -203 | -356 |
| Commercial costs | -226 | -100 |
| Charges and taxes on unlet properties | -97 | -41 |
| Property management costs | -691 | -767 |
| Other property charges | -4 | -16 |
| Property charges | -1.221 | -1.280 |
| OPERATING PROPERTY RESULT | 13.332 | 13.166 |
| General expenses | -924 | -1.040 |
| Other operating income and expenses | 4 | 20 |
| OPERATING RESULT BEFORE RESULT ON PORTFOLIO | 12.412 | 12.146 |
| Result on disposal of investment properties | -154 | 0 |
| Changes in fair value of investment properties | -8.823 | -3.954 |
| Other result on portfolio | 35 | 214 |
| OPERATING RESULT | 3.470 | 8.406 |
| Financial income | 4 | 10 |
| Net interest charges | -1.339 | -1.314 |
| Other financial charges | -1 | -1 |
| Changes in fair value of financial instruments | -588 | 206 |
| Financial result | -1.924 | -1.099 |
| RESULT BEFORE TAXES | 1.546 | 7.307 |
| TAXES | -30 | -46 |
| NET RESULT | 1.516 | 7.261 |

| IN THOUSANDS € | 30.09.2019 | 30.09.2018 |
|---|------------|------------|
| Note: | | |
| EPRA earnings | 11.045 | 10.750 |
| Result on portfolio | -8.942 | -3.739 |
| Changes in fair value of financial instruments and other non-distributable elements | -587 | 250 |
| Attributable to: | | |
| Shareholders of the parent company | 1.516 | 7.261 |
| Non-controlling interests | 0 | 0 |

2. Information per share

| INFORMATION PER SHARE | 30.09.2019 | 30.09.2018 |
|---------------------------------------|-------------|-------------|
| Number of shares entitled to dividend | 5.078.525 | 5.078.525 |
| NET RESULT (€) | 0,30 | 1,43 |
| Diluted net result (€) | 0,30 | 1,43 |
| EPRA earnings (€) | 2,17 | 2,12 |

3. Consolidated statement of comprehensive income (9 months)

| IN THOUSANDS € | 30.09.2019 | 30.09.2018 |
|--|--------------|--------------|
| NET RESULT (€) | 1.516 | 7.261 |
| 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 | 1.516 | 7.261 |
| Attributable to: | | |
| Shareholders of the parent company | 1.516 | 7.261 |
| Non-controlling interests | 0 | 0 |

3. Consolidated balance sheet

| ASSETS IN THOUSANDS € | 30.09.2019 | 31.12.2018 |
|--|-------------------|-------------------|
| Non-current assets | 362.373 | 372.782 |
| Intangible assets | 8 | 13 |
| Investment properties | 361.657 | 372.278 |
| Other tangible assets | 705 | 488 |
| Trade receivables and other non-current assets | 3 | 3 |
| Current assets | 4.505 | 1.658 |
| Asset held for sale | 2.500 | 0 |
| Trade receivables | 661 | 330 |
| Tax receivables and other current assets | 0 | 12 |
| Cash and cash equivalents | 596 | 512 |
| Deferred charges and accrued income | 748 | 804 |
| TOTAL ASSETS | 366.878 | 374.440 |
| SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS € | 30.09.2019 | 31.12.2018 |
| Shareholders' equity | 255.484 | 268.442 |
| Shareholders' equity attributable to the shareholders of the parent company | 255.484 | 268.442 |
| Share capital | 97.213 | 97.213 |
| Share premium | 4.183 | 4.183 |
| Reserves | 152.572 | 159.806 |
| Net result of the financial year | 1.516 | 7.240 |
| Non-controlling interests | 0 | 0 |
| Liabilities | 111.394 | 105.998 |
| Non-current liabilities | 101.006 | 97.584 |
| Non-current financial debts | 97.997 | 95.161 |
| <i>Credit institutions</i> | 96.894 | 95.161 |
| <i>Financial Leasing</i> | 1.103 | 0 |
| Other non-current financial liabilities | 2.678 | 2.090 |
| Other non-current liabilities | 110 | 116 |
| Deferred tax - liabilities | 221 | 217 |
| Current liabilities | 10.388 | 8.414 |
| Provisions | 269 | 269 |
| Current financial debts | 6.788 | 4.850 |
| <i>Credit institutions</i> | 6.750 | 4.850 |
| <i>Financial Leasing</i> | 38 | 0 |
| Trade debts and other current debts | 1.844 | 2.084 |
| Other current liabilities | 584 | 603 |
| Deferred income and accrued charges | 903 | 608 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 366.878 | 374.440 |



VASTNED RETAIL BELGIUM

Generaal Lemansstraat 74

2600 Berchem - Antwerp

T +32 3 361 05 90

info@vastned.be

WWW.VASTNED.BE