

## Interim statement from the Board of Directors regarding the first quarter of 2020

- Strong operational results in the first quarter of 2020 until the outbreak of the COVID-19 crisis.
- Strong liquidity position as at 31 March 2020, €29.3 million of unused credit facilities available.
- Limited debt ratio of 27.2% as at 31 March 2020.
- Decrease in EPRA<sup>1</sup> earnings in the first quarter of 2020 to €0.40 per share (€0.67 for the first quarter of 2019), this decrease is almost exclusively the result of the recognition of a provision for potential future rental losses due to the COVID-19 crisis.
- Occupancy rate as at 31 March 2020: 95.7% (98.8% as at 31 December 2019).
- The primary focus of the management in 2020 is once again to maintain a high occupancy rate.
- Decrease in the fair value of the existing real estate portfolio<sup>2</sup> of €4.0 million in the first quarter of 2020.

<sup>1</sup> 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 2019 and also on the website [www.vastned.be](http://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.

<sup>2</sup> With unchanged composition of the real estate portfolio compared with 31 December 2019.

## 1. Operational activities in the first quarter of 2020

### COVID-19 Update

The outbreak and spread of COVID-19 (coronavirus) is having a large impact on society and economic activity in Belgium.

Vastned Retail Belgium's business operations are also feeling the impact of the compulsory closure of all non-essential shops imposed by the Belgian government since 18 March 2020.

Since then, only food stores, pharmacies, bookshops and newsagents have been permitted to operate their sales outlets. Since 18 April, garden centres and DIY stores have been allowed to open their doors again.

Given that the compulsory closure of non-essential shops was announced in the second half of March, the impact on the rental results of Vastned Retail Belgium remained limited in the first quarter of 2020.

### Leases

In the first quarter of 2020, Vastned Retail Belgium realised five rental transactions representing approximately 2% of the total annual rental income.

These concern five rental transactions concluded with new tenants, of which two leases are for vacant units, two for residential units and one involves the transfer of a commercial lease agreement. The new rent for these lease agreements has, on average, remained the same compared to the previous lease agreements



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## Occupancy rate<sup>3</sup>

OCCUPANCY RATE (EXCLUDING BUILDINGS UNDERGOING RENOVATION)	31.03.2020	31.12.2019
Occupancy rate of the real estate portfolio	95,7%	98,8%

The occupancy rate of the real estate portfolio amounted to 95.7% as at 31 March 2020, falling by 3% compared to 31 December 2019. This decrease can be attributed mainly to a decrease in the occupancy rate in the out-of-town part of the portfolio, which is largely due to the early departure - without observance of the notice period - of a tenant in Wilrijk and a tenant in Tielt-Winge.

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. Since the outbreak of the health crisis and the compulsory closure of non-essential shops in mid-March 2020, sentiment within the retail market has deteriorated and retailers are currently putting ongoing negotiations on hold.

## Evolution of fair value

REAL ESTATE PORTFOLIO	31.03.2020	31.12.2019
Fair value of investment properties (€ 000)	356.751	360.752
Total leasable space (m <sup>2</sup> )	85.915	85.915

As at 31 March 2020 the fair value of the real estate portfolio of Vastned Retail Belgium amounted to €357 million, a €4 million decrease compared to the close of 2019 (€361 million as at 31 December 2019).

The spread of the coronavirus (COVID-19), proclaimed by the World Health Organization (WHO) as a global pandemic on 11 March 2020, is having an impact on global financial markets. In Belgium also, normal market functioning has been

disrupted in all sectors and because of this, since 31 March 2020, valuers have been of the opinion that they cannot rely solely on earlier comparable transactions or earlier market indications to arrive at an accurate current market value. To arrive at the valuation as per 31 March 2020, the risk of non-receipt of rental income has been taken into account in the form of recognising a provision of 1 month.

As at 31 March 2020, the total leasable space is 85.915 m<sup>2</sup>.

## Composition of the real estate portfolio

No changes were made during the first quarter of 2020 to the composition of the real estate portfolio compared to 31 December 2019. As at 31 March 2020, 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.

<sup>3</sup> 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 2020

### Consolidated income statement

IN THOUSANDS €	31.03.2020	31.03.2019
Rental income	4.706	4.868
Rental-related expenses	-1.282	-41
Property management costs and income	38	4
<b>PROPERTY RESULT</b>	<b>3.462</b>	<b>4.831</b>
Property charges	-527	-539
General costs and other operating income and costs	-499	-451
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>2.436</b>	<b>3.841</b>
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-4.096	-7.757
Other result on portfolio	-96	44
<b>OPERATING RESULT</b>	<b>-1.756</b>	<b>-3.872</b>
Financial result (excl. changes in financial instruments)	-412	-424
Changes in fair value of financial instruments	66	-387
Taxes	4	-10
<b>NET RESULT</b>	<b>-2.098</b>	<b>-4.693</b>
<b>Note:</b>		
EPRA result	2.032	3.407
Result on portfolio	-4.192	-7.713
Changes in fair value of financial instruments and other non-distributable elements	62	-387
<b>INFORMATION PER SHARE</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	-0,41	-0,92
EPRA result (€)	0,40	0,67

## Analysis of the results<sup>4</sup>

The rental income of Vastned Retail Belgium for the first quarter of 2020 amounted to €4.7 million (€4.9 million). The decrease of €0.2 million is mainly attributable to the divestments that took place in the course of 2019, new leases concluded under less favourable conditions, and indexations of existing lease agreements and lease renewals.

Rental-related expenses amounted to €1.3 million and are fully attributable to the provision for potential losses on outstanding lease receivables as at 31 March 2020. This concerns a first estimate of the impact of COVID-19 on the rental income of the company for the year 2020.

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 were negative in the first quarter of 2020 and amounted to €-4.0 million (€-7.8 million). This decrease is fully attributable to the decrease in the fair value of the existing real estate portfolio as a result of the recognition of a provision equal to 1 month's rental income for the expected risk of non-receipt of rental income because of the compulsory closure of non-essential shops as at 18 March 2020.

The financial result (excl. changes in fair value of financial instruments) amounted to €-0.4 million as at 31 March 2020 (€-0.4 million). The average interest rate for financing amounted to 1.7%, including bank margins for the first quarter of 2020 (1.7%).

The changes in the fair value of financial instruments in the first quarter of 2020 included the decrease in the negative market value of the interest rate swaps which, in line with IFRS 9 - Financial Instruments, cannot be classified as cash flow hedging instruments, in the amount of €0.1 million (€-0.4 million).

The net result of Vastned Retail Belgium for the first quarter of 2020 amounted to €-2.1 million (€-4.76 million) and may be divided into:

- EPRA earnings of €2.0 million (€3.4 million);
- results on the portfolio of €-4.2 million (€-7.7 million);
- changes in the fair value of financial instruments and other non-distributable elements in the amount of €0.1 million (€-0.4 million).

The EPRA earnings per share are therefore €0.40 for the first quarter of 2020 or a decrease of 27 euro cent compared to the same period of the previous year (€0.67 per share).

KEY FIGURES PER SHARE	31.03.2020	31.12.2019
Number of shares entitled to dividend	5.078.525	5.078.525
Net value (fair value) (€)	50,45	50,86
Net value (investment value) (€)	52,36	52,78
Net asset value EPRA (€)	50,98	51,41
Share price on closing date (€)	29,50	44,70
Premium (+) / Discount (-) with regard to fair net value (%)	-42%	-12%

<sup>4</sup> Comparative figures for the first quarter of 2019 are between brackets.

### 3. Financial structure and intrinsic value

As at 31 March 2020, the net value (fair value) was €50.45 per share (€50.86 as at 31 December 2019). Since the share price of Vastned Retail Belgium on 31 March 2020 amounted to €29.50, on that date the share was quoted at a discount of 41.5% compared to the net value (fair value).

On 31 March 2020, the company had €29.3 million in non-drawn down available credit lines with financial institutions. The average remaining term of the long-term credit facilities on 31 March 2020 was 4.1 years. There are no credit

facilities maturing within one year, which means that the company does not need to refinance its credit lines on the financial markets in these uncertain times. In the first quarter of 2020, there were no changes made to the existing agreements contracted, and the company fulfilled these agreements as at 31 March 2020.

The debt ratio of the company decreased by 0.7% in the first quarter of 2020 and amounted to 27.2% as at 31 March 2020 (27.9% as at 31 December 2019).

### 4. General Meeting and dividend distribution

The General Meeting of Shareholders of 29 April 2020 approved the statutory and consolidated annual accounts of Vastned Retail Belgium closed on 31 December 2019, including the profit appropriation. A gross dividend of €2.90 per share is being distributed for the 2019 financial year. After deducting an amount of 30% for withholding tax, the net dividend for the 2019 financial year amounts to €2.03 per share.

The dividend is payable as from 14 May 2020 based on the shareholding on 13 May 2020.

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.



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## 5. Outlook for 2020

Vastned Retail Belgium intends to pursue its strategy in 2020 by focusing explicitly on top-quality inner-city real estate in the major cities of Brussels, Antwerp, Ghent and Bruges.

The spread of the coronavirus and the measurements taken by the Government to limit the spread, has a large impact worldwide and in Belgium on society, the global economy and business activities.

On 18 March 2020, the Belgian government imposed compulsory closure for all non-essential shops. Because only food shops, pharmacies and a handful of other shops remained open, the sector is suffering from the loss of revenue.

Vastned Retail Belgium is also feeling the impact of these measures since the retail and hospitality sector has been hit by the current health crisis. Rental payments will be late, partial, or even not made at all.

Moreover, even before the COVID-19 crisis, the retail sector was in transition and, in April, consumer confidence experienced its biggest decline ever in Belgian history. It goes without saying that a retail environment undergoing a sea change and an unclear future perspective will play a major role in the market and potential new investments.

As of today, the full impact of this crisis cannot yet be determined. However, it is certain that this crisis will command 2020 at a social and economic level. For Vastned Retail Belgium, the situation is also difficult to assess because there is still no clarity about when the majority of shops and hospitality sector can reopen. Therefore, the company has recognized a provision of € 1.3 million to cover itself against potential future rental losses. In addition, the Company has been able to adapt its working methods and is able to count on a team whose members are 100% committed and who are using teleworking to perform all their activities.

In these difficult times, Vastned Retail Belgium is focused entirely on continuing its activities, maintaining close contact with the tenants and developing - and implementing - a clear strategy to get through this crisis together with the tenants.

The quality of and the diversification within the real estate portfolio is expected to provide a solid basis for future results. In this connection, a strong financial structure and healthy cash position will help Vastned Retail Belgium navigate through this crisis.

**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.

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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 €	31.03.2020	31.03.2019
Rental income	4.706	4.868
Rental-related expenses	-1.282	-41
<b>NET RENTAL INCOME</b>	<b>3.424</b>	<b>4.827</b>
Recovery of rental charges and taxes normally payable by tenants on let properties	1.046	1.097
Rental charges and taxes normally payable by tenants on let properties	-1.046	-1.097
Other rental-related income and expenses	38	4
<b>PROPERTY RESULT</b>	<b>3.462</b>	<b>4.831</b>
Technical costs	-173	-140
Commercial costs	-51	-33
Charges and taxes on unlet properties	-79	-80
Property management costs	-202	-278
Other property charges	-22	-8
<b>Property charges</b>	<b>-527</b>	<b>-539</b>
<b>OPERATING PROPERTY RESULT</b>	<b>2.935</b>	<b>4.292</b>
General expenses	-501	-455
Other operating income and expenses	2	4
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>2.436</b>	<b>3.841</b>
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-4.096	-7.757
Other result on portfolio	-96	44
<b>OPERATING RESULT</b>	<b>-1.756</b>	<b>-3.872</b>
Financial income	0	0
Net interest charges	-411	-423
Other financial charges	-1	-1
Changes in fair value of financial instruments	66	-387
<b>Financial result</b>	<b>-346</b>	<b>-811</b>
<b>RESULT BEFORE TAXES</b>	<b>-2.102</b>	<b>-4.683</b>
<b>Taxes</b>	<b>4</b>	<b>-10</b>
<b>NET RESULT</b>	<b>-2.098</b>	<b>-4.693</b>



IN THOUSANDS €	31.03.2020	31.03.2019
<b>Note:</b>		
EPRA result	2.032	3.407
Result on portfolio	-4.192	-7.713
Changes in fair value of financial instruments and other non-distributable elements	62	-387
<b>Attributable to:</b>		
Shareholders of the parent company	-2.098	-4.693
Non-controlling interests	0	0

## 2. Consolidated statement of comprehensive income

IN THOUSANDS €	31.03.2020	31.03.2019
<b>NET RESULT</b>	-2.098	-4.693
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
<b>COMPREHENSIVE INCOME</b>	<b>-2.098</b>	<b>-4.693</b>
<b>Attributable to:</b>		
Shareholders of the parent company	-2.098	-4.693
Non-controlling interests	0	0

### 3. Consolidated balance sheet

ASSETS IN THOUSANDS €	31.03.2020	31.12.2019
<b>Non-current assets</b>	<b>357.593</b>	<b>361.630</b>
Intangible assets	198	209
Investment properties	356.751	360.752
Other tangible assets	641	666
Trade receivables and other non-current assets	3	3
<b>Current assets</b>	<b>4.188</b>	<b>1.685</b>
Trade receivables	1.720	651
Tax receivables and other current assets	1	0
Cash and cash equivalents	781	554
Deferred charges and accrued income	1.686	480
<b>TOTAL ASSETS</b>	<b>361.781</b>	<b>363.315</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES IN THOUSANDS €</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
<b>Shareholders' equity</b>	<b>256.187</b>	<b>258.285</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>256.187</b>	<b>258.285</b>
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	152.572	152.572
Net result of the financial year	4.317	4.317
Net result of the financial year - first quarter of 2020	-2.098	0
<b>Non-controlling interests</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>105.594</b>	<b>105.030</b>
<b>Non-current liabilities</b>	<b>92.900</b>	<b>96.362</b>
Non-current financial debts	90.039	93.405
<i>Credit institutions</i>	89.088	92.454
<i>Financial leasing</i>	951	951
Other non-current financial liabilities	2.312	2.379
Other non-current liabilities	148	151
Deferred tax - liabilities	401	427
<b>Current liabilities</b>	<b>12.694</b>	<b>8.668</b>
Provisions	269	269
Current financial debts	6.721	6.104
<i>Credit institutions</i>	6.600	5.950
<i>Financial leasing</i>	121	154
Trade debts and other current debts	823	953
Other current liabilities	588	603
Deferred income and accrued charges	4.293	739
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>361.781</b>	<b>363.315</b>



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