

## Interim statement of the Board of Directors for the period 01.01.2023 to 30.09.2023

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- EPRA earnings of € 2.10 per share for the first nine (9) months of 2023, compared to € 1.93 per share for the same period previous financial year.
- Increase of the expected EPRA earnings per share for 2023 to € 2.75 - € 2.80 (from € 2.65 - € 2.75).
- High occupancy rate of 99.3% underlines the quality of the real estate portfolio.
- Slight decrease (€ -0.7 million or -0.2%) in the fair value of the real estate portfolio<sup>1</sup> compared to previous financial year.
- € 28.8 million of unused credit facilities available.
- A low debt ratio of 26.5% provides solid protection.
- Discussions about the extension of the existing credit facilities are currently ongoing. The Company will seek to complete these discussions before the end of the financial year.

<sup>1</sup>) Exclusive of IFRS 16 right-of-use assets.

# 1. Operational activities during the first nine months of 2023

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## 1.1. Economic developments

The first nine (9) months of 2023 were characterised by high inflation numbers and rising interest rates. In combination, these two factors caused disruption to financial markets and to property markets in particular.

In September 2023, the European Central Bank again raised its policy interest rate by 25 basis points to 4.0%. This was the tenth time in a row that the European Central Bank had raised interest rates. The result has been a 4.5% increase in interest rates (from -0.5% to 4.0%) and all within a time span of fifteen (15) months. With this latest interest rate hike, the European Central Bank is clearly signalling its intention of meeting its long-term inflation targets of 2.0%.

The Belgian inflation fell to 2.39% in September 2023, its lowest level in the last two (2) years. After peaking at

12.75% in October 2022, Belgian inflation has clearly fallen significantly, mainly driven by falling energy prices.

Rising interest rates increase the yield or capitalisation rate, which in turn reduces the value of the real estate. This causes the debt ratio to rise, putting pressure on real estate companies to further reduce the debt ratio by carrying out a capital increase or selling real estate. For Vastned Belgium the impact has been limited, as the Company continues to operate on a solid basis due to a stable and low debt ratio. In addition, rental income is indexed in accordance with the health index, which increases the operational distributable result. In addition, occupancy rates remain high, partly due to the prime location of the retail properties and the continuous close monitoring of tenants by the asset management department.

## 1.2. Rental activities

In the first nine (9) months of 2023, Vastned Belgium concluded 17 lease agreements. These leases represent a total rental volume of € 2.0 million, which corresponds to approximately 9.8% of Vastned Belgium's total rental income.

In total, eleven (11) lease agreements were concluded, of which five (5) were commercial lease agreements, four (4)

were agreements with residential tenants and two (2) were pop-up agreements. In addition, seven (7) rental agreements, with existing tenants, were renewed. The rental prices negotiated by Vastned Belgium (excl. pop-up agreements) are 8.4% higher than the market rental prices determined by independent valuation experts due to the quality of the real estate portfolio and the result of the good work of a committed asset management department.

### 1.3. Evolution of the real estate portfolio

As at 30 September 2023, the majority of the portfolio consisted 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.

The fair value of the investment properties of Vastned Belgium amounted to € 311.7 million as at 30 September 2023 (incl. the value of the IFRS 16 right-of-use assets worth € 0.2 million), which is a slight decrease compared to previous financial year (€ 312.6 million as at 31 December 2022). In addition, the retail property located at Grand Rue 19 in Bergen (Mons) was recognized as an asset held for sale for an amount of € 0.4 million. Taking into account this classification, the fair value of the real estate portfolio decreases by € -0.7 million.

#### Real estate portfolio

	30.09.2023	31.12.2022
Fair value of investment properties (in thousands €) <sup>2</sup>	311,654	312,590
Total leasable space (m <sup>2</sup> ) <sup>2</sup>	75,935	76,086

As a result of the interest rate hikes by the European Central Bank, independent valuation experts increased the capitalisation rates of various retail properties. Vastned Belgium was able to partially offset this decrease by concluding rental agreements above market rental prices determined by independent valuation experts.

In the third quarter of 2023, Vastned Belgium obtained a permit for the renovation and refurbishment of the building located at Nieuwstraat 98 in Brussels. Three (3) apartments will be created on the upper floors. These apartments will be leased out to a social rental agency in collaboration with the City of Brussels. The tender file will

be completed in the fourth quarter of 2023, with the works starting in the course of 2024.

In addition, a permit for the retail property located at Bondgenotenlaan 69 – 73 in Louvain has also been received. Vastned Belgium wishes to combine two (2) retail units into one (1) larger unit. After consultation with the current tenant, these works will commence in the course of 2024.

The Company continues to investigate opportunities for the redevelopment of other properties and will communicate additional redevelopments in due course.

### 1.4. Occupancy rate

#### Occupancy rate

	30.09.2023	31.12.2022
Occupancy rate of the real estate portfolio <sup>3</sup>	99.3%	99.5%

The occupancy rate of the real estate portfolio amounted to 99.3% as at 30 September 2023, a decrease of -0.2% compared to 31 December 2022 (99.5%), but remains high. This minimal decrease is a result of a bankruptcy of one tenant in the first half of 2023. 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. In addition, the Company is investigating redevelopment options for the vacant units (e.g. Galerie Jardin d'Harscamp in Namen).

<sup>2)</sup> Excluding assets held for sale.

<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 unlet rental premises.

## 2. Financial results for the first nine months of 2023

(in thousands €)	30.09.2023	30.09.2022
Rental income	13,912	12,942
Rental-related expenses	-8	57
Other rental-related income and expenses	100	55
<b>PROPERTY RESULT</b>	<b>14,004</b>	<b>13,054</b>
Property charges	-1,291	-1,192
General costs	-750	-913
Other operating income and costs	6	22
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>11,969</b>	<b>10,971</b>
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-744	-1,124
Other result on portfolio	228	127
<b>OPERATING RESULT</b>	<b>11,453</b>	<b>9,974</b>
Financial result (excl. changes in financial instruments)	-1,274	-1,178
Changes in fair value of financial instruments	-800	3,113
Taxes	-54	-59
<b>NET RESULT</b>	<b>9,325</b>	<b>11,850</b>
<b>Note:</b>		
• EPRA earnings	10,683	9,796
• Result on portfolio	-516	-997
• Changes in fair value of financial instruments	-800	3,113
• Taxes: deferred taxes	-24	-45
• Non-distributable result subsidiaries	-18	-17

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

The **rental income** of Vastned Belgium amounted to € 13.9 million for the first nine (9) months of 2023, an increase of € 1.0 million compared to the same period of previous financial year (€ 12.9 million). This increase is a result of the indexation of the rent of the existing rental agreements and the increased occupancy rate throughout the financial year. This increase was partly compensated by lease renewals (against lower terms) closed in previous financial year.

**Property charges** amounted to € 1.3 million, and increased by € 0.1 million compared to the same period previous financial year. During the first nine (9) months of 2023, additional studies were conducted for sustainability works (such as stability studies for the installation of solar panels). The increase in technical costs was largely offset by a decrease in the commercial costs and the charges and taxes on unlet properties. This decrease is a result of the high, stable occupancy rate during the first nine (9) months of 2023.

The **general costs and other operating income and costs** amounted to € 0.7 million and have decreased by € -0.2 million compared to the same period previous financial year. In 2022 an exceptional cost was registered in connection with the potential delisting of Vastned Belgium. The inflation of the fixed costs partly offset this decrease.

The fair value of Vastned Belgium's real estate portfolio decreased slightly in the first nine (9) months of 2023 compared to previous financial year. The **changes in fair value of investment properties** are negative for an amount of € -0.7 million (€ -1.1 million). According to independent valuation experts, the market yields increased in 2023 due to the current uncertain market conditions. This resulted in a decrease in the fair value of the real estate portfolio, which was partly offset by the indexation of rental agreements and the conclusion of rental agreements above the market rents determined by independent valuation experts.

The **financial result (excl. changes in the fair value of financial instruments)** amounted to € -1.3 million (€ -1.2 million) for the first nine (9) months of 2023, which is a € -0.1 million decrease compared to the same period last year. This slight decrease in the financial result is due to a credit line worth € 15.0 million that came to an end on 31 July 2023. This credit facility was hedged through an IRS contract, which also came to an end on 31 July 2023, whereby a larger portion of the withdrawn credit facilities are subjected to rising interest rates. The average interest rate for financing for the first nine (9) months of 2023 amounts to 2.04%, including bank margins (1.84%).

The **changes in the fair value of financial instruments** include a further decrease in the positive 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 amounted to € -0.8 million, while in the same period previous financial year the interest rates on the financial markets started increasing and the, at that moment, negative market value even reverted from a negative to a positive market value of interest rate swaps.

The **net result** of Vastned Belgium for the first nine (9) months of 2023 amounts to € 9.3 million (€ 11.8 million) and can be divided into:

- the EPRA earnings of € 10.7 million, which increased by € 0.9 million compared to the same period of previous financial year (€ 9.8 million). This increase is attributable to rising rental income on the one hand and decreasing general expenses on the other. Rental income increases due to an increased occupancy rate, indexation of the rent of existing rental agreements, partly compensated by rent renewals against lower terms.
- the result on the portfolio of € -0.5 million (€ -1.0 million); and
- the changes in the fair value of financial instruments to an amount of € -0.8 million (€ 3.1 million).

The EPRA earnings per share amount to € 2.10 for the first nine (9) months of 2023 compared to € 1.93 for the same period last year.

<sup>4</sup>) The comparable figures as at 30 September 2022 are parenthesised.

## Key figures per share

### Key figures per share

	30.09.2023	31.12.2022	30.09.2022
Number of shares entitled to dividend	5,078,525	5,078,525	5,078,525
Net result (9 months/1 year/9 months) (€)	1.84	2.85	2.33
EPRA earnings (9 months/1 year/9 months) (€)	2.10	2.59	1.93
Net value (fair value) (€)	45.28	45.69	45.17
Net value (investment value) (€)	46.81	47.23	46.71
EPRA NRV (€)	46.59	46.85	46.38
EPRA NTA (€)	45.05	45.29	44.82
EPRA NDV (€)	45.28	45.69	45.17
Share price on closing date (€)	27.00	29.70	27.30
Premium (+)/Discount (-) with regard to fair net value (%)	-40.4%	-35.0%	-39.6%

The net value (fair value) of the share amounts to € 45.28 as at 30 September 2023. Given that the share price of Vastned Belgium (VASTB) amounted to € 27.00 on 30 September 2023, the share was listed on 30 September 2023 at a discount of -40.4% compared to the net value (fair value). At the end of previous financial year, the share recorded a discount of -35.0% compared to the net value (fair value).

## Financial structure

Vastned Belgium's debt ratio amounts to 26.5% as at 30 September 2023, an increase of 0.4% in the first nine (9) months of 2023 (26.1% as at 31 December 2022). Compared to the same period previous financial year, the debt ratio has decreased by -0.7%.

As at 31 July 2023, one (1) line of credit, worth € 15.0 million, and one (1) IRS contract, with a notional amount of € 15.0 million, matured. Given that the Company had sufficient unused credit facilities, it was decided not to apply for refinancing for this credit line. The remaining credit lines are sufficient to carry out the daily activities of the Company.

During the third quarter of 2023, the Company conducted further discussions with financial institutions for refinancing the existing credit lines. The existing lenders are willing to refinance the same credit amount (including the € 15.0 million credit facility repaid on 31 July 2023). The Company is aiming to finalise the discussions during the fourth quarter of 2023, so it can then proceed with signing

of the new credit facilities. Finally, the Company wishes to highlight that due to the refinancing and the rising interest rates, the financing costs will further increase in the second half of 2024.

The financial structure can be summarised as follows:

- Withdrawn financial debts: € 81.2 million.
- 100% of the available credit lines with financial institutions are long-term financing with a weighted average term of 0.8 years.
- Unused credit facilities of € 28.8 million.
- For 59% of the available credit lines, the interest rate is fixed by interest rate swaps or by fixed interest rates, 41% has a variable interest rate; 80% of the credit lines drawn is covered by interest rate swaps or by fixed interest rates.
- Fixed interest rates are fixed for a remaining period of 0.8 years on average.
- Average interest rate for the first nine (9) months of 2023: 2.04% including bank margins.
- Market value of the financial derivatives: € 1.4 million.
- Limited debt ratio of 26.5% (legal maximum of 65.0%).

### 3. Contingent Liabilities

The annual financial report for financial year 2022 reported a contingent liability regarding stability problems for the retail property located in Mechelen, Bruul 42 – 44. In October 2023, the Company received the judgment in the appeal procedure and, analogously as in first instance, the Company was not deemed liable for the stability problems. In addition, Vastned Belgium must be

compensated for repairing the damage sustained to the buildings and the associated loss of rent. Vastned Belgium is entitled to a total amount of € 0.6 million. The costs associated with this claim (repair and legal costs) amount to € 0.2 million and must be deducted from the total amount. If the parties accept this judgment, this will result in exceptional proceeds of € 0.4 million.



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## 4. Outlook for 2023

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The first nine (9) months of 2023 have been characterised by uncertainty and volatility in financial markets as a result of interest rate hikes implemented by the European Central Bank to contain inflation. This uncertainty is also visible in the investment market, as there continues to exist a large discrepancy between the market returns that buyers want to pay and the market returns that sellers want to receive.

The rental market remains very active in 2023 and take-up has attained a high level. A large portion of the transactions were realised in the high street, with vacancy rates falling significantly. This has also led to retail properties located in prime locations that can be refilled in a relatively short period of time.

In recent years, tenants have sought for a balance between e-commerce and physical shops. This form of shopping (omnichannel), allows retailers to coordinate both sales channels, giving the shop a higher experience value. This

balance has increasingly materialised over the last year, with pure e-commerce players also opening physical shops. When opening these shops, location is extremely important to reach the largest possible number of consumers.

At the end of the third quarter of 2023, consumers became more positive and consumer confidence rose again, primarily due to sharply falling inflation figures. Given that changes in consumer confidence have a direct impact on consumer purchasing habits and retailers' profitability, management continues to closely monitor these parameters.

Vastned Belgium is raising its expected EPRA earnings per share for financial year 2023 to € 2.75 - € 2.80 (from € 2.65 - € 2.75). This increase is possible despite the difficult market conditions and uncertainties in the economic environment. At the presentation of the annual results for the financial year 2023, Vastned Belgium will announce the dividend to be distributed.

**About Vastned Belgium:** Vastned Belgium is a public regulated real estate company (RREC), 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, tel. +32 3 361 05 90 // [www.vastned.be](http://www.vastned.be)

**Disclaimer:** This press release contains prospective information, forecasts, views and estimates prepared by Vastned Belgium on the expected future performance of Vastned Belgium and the markets in which it operates. Readers are advised 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 as well as by factors pertaining to taxation, competition and environment. Vastned Belgium cannot guarantee that the assumptions underlying the prospective information are free from misstatements. Only the Dutch version is the official version. The English version is a translation of the original Dutch version.

# Financial Statements

## 1. Financial Statements

(in thousands €)	30.09.2023	30.09.2022
Rental income	13,912	12,942
Rental-related expenses	-8	57
<b>NET RENTAL INCOME</b>	<b>13,904</b>	<b>12,999</b>
Recovery of rental charges and taxes normally payable by tenants on let properties	1,286	1,131
Rental charges and taxes normally payable by tenants on let properties	-1,286	-1,131
Other rental-related income and expenses	100	55
<b>PROPERTY RESULT</b>	<b>14,004</b>	<b>13,054</b>
Technical costs	-411	-204
Commercial costs	-104	-186
Charges and taxes on unlet properties	-40	-52
Property management costs	-703	-676
Other property charges	-33	-74
<b>Property charges</b>	<b>-1,291</b>	<b>-1,192</b>
<b>OPERATING PROPERTY RESULT</b>	<b>12,713</b>	<b>11,862</b>
General expenses	-750	-913
Other operating income and expenses	6	22
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>11,969</b>	<b>10,971</b>
Result on disposal of investment properties	0	0
Changes in fair value of investment properties	-744	-1,124
Other result on portfolio	228	127
<b>OPERATING RESULT</b>	<b>11,453</b>	<b>9,974</b>
Financial income	1	0
Net interest charges	-1,272	-1,176
Other financial charges	-3	-2
Changes in fair value of financial instruments	-800	3,113
<b>Financial result</b>	<b>-2,074</b>	<b>1,935</b>
<b>RESULT BEFORE TAXES</b>	<b>9,379</b>	<b>11,909</b>
<b>Taxes</b>	<b>-54</b>	<b>-59</b>
<b>NET RESULT</b>	<b>9,325</b>	<b>11,850</b>

(€ duizenden)	30.09.2023	30.09.2022
<b>NET RESULT</b>	<b>9,325</b>	<b>11,850</b>
<b>Note:</b>		
• EPRA earnings	10,683	9,796
• Result on portfolio	-516	-997
• Changes in fair value of financial instruments	-800	3,113
• Taxes: deferred taxes	-24	-45
• Non-distributable result subsidiaries	-18	-17
<b>Attributable to:</b>		
• Shareholders of the parent company	9,325	11,850
• Minority interests	0	0

## 2. Result per share

	30.09.2023	30.09.2022
Number of shares entitled to dividend	5,078,525	5,078,525
Net result (€)	1.84	2.33
Diluted net result (€)	1.84	2.33
EPRA earnings (€)	2.10	1.93

## 3. Consolidated statement of comprehensive income

(in thousands €)	30.09.2023	30.09.2022
<b>NET RESULT</b>	<b>9,325</b>	<b>11,850</b>
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
<b>COMPREHENSIVE INCOME</b>	<b>9,325</b>	<b>11,850</b>
<b>Attributable to:</b>		
• Shareholders of the parent company	9,325	11,850
• Minority interests	0	0

## 4. Consolidated balance sheet

<b>Assets</b> (in thousands €)	30.09.2023	31.12.2022
<b>Non-current assets</b>	<b>312,173</b>	<b>315,199</b>
Intangible assets	56	91
Investment properties	311,654	312,590
Other tangible assets	461	471
Non-current financial assets	0	2,045
Trade receivables and other non-current assets	2	2
<b>Current assets</b>	<b>5,694</b>	<b>3,043</b>
Assets held for sale	345	0
Current financial assets	1,400	154
Trade receivables	2,842	2,327
Cash and cash equivalents	361	163
Deferred charges and accrued income	746	399
<b>TOTAL ASSETS</b>	<b>317,867</b>	<b>318,242</b>

<b>Shareholders' equity and liabilities</b> (in thousands €)	30.09.2023	31.12.2022
<b>Shareholders' equity</b>	<b>229,930</b>	<b>232,032</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>229,930</b>	<b>232,032</b>
Share capital	97,213	97,213
Share premium	4,183	4,183
Reserves	119,209	130,636
Net result of the financial year	9,325	0
<b>Minority interests</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>87,937</b>	<b>86,210</b>
<b>Non-current liabilities</b>	<b>915</b>	<b>66,246</b>
Non-current financial debts	487	66,030
• Credit institutions	0	65,497
• Financial leasing	487	533
Other non-current financial liabilities	0	0
Other non-current liabilities	131	123
Deferred tax - liabilities	297	273
<b>Current liabilities</b>	<b>87,022</b>	<b>19,784</b>
Provisions	269	269
Current financial debts	81,343	15,184
• Credit institutions	81,200	15,000
• Financial leasing	143	184
Trade debts and other current debts	1,355	551
Other current liabilities	559	564
Deferred income and accrued charges	3,496	3,216
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>317,867</b>	<b>318,242</b>