Annual report 2013

vastned Retail Belgium

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vastned
Retail Belgium

Jardin d'Harscamp
Namur
2.270 m²

CONTENTS

Massimo Dutti
Antwerp
583 m²

KEY FIGURES

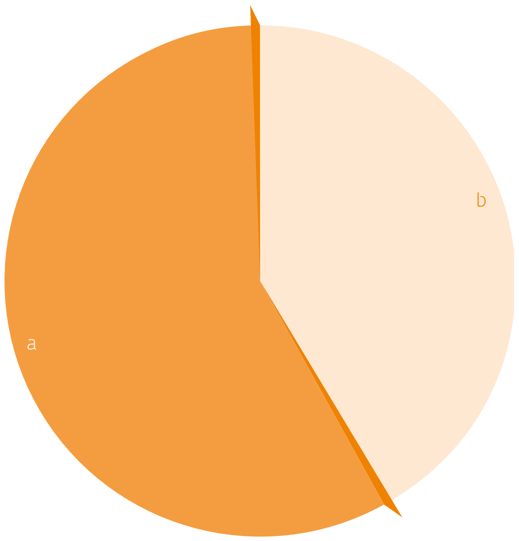
VASTNED RETAIL BELGIUM

- is a public property investment fund under Belgian law, the shares are listed on NYSE Euronext Brussels
- specialises in investments in commercial real estate: inner-city shops, retail warehouses and shopping centres
- focuses on an investment policy based on commercial real estate, with respect for criterions of risk spread in the real estate portfolio, relating to the type of building as well as to the geographic spread and the sector of the tenants
- enjoys a high dividend yield
- is provided with a healthy financial structure

Risk spread of the real estate portfolio

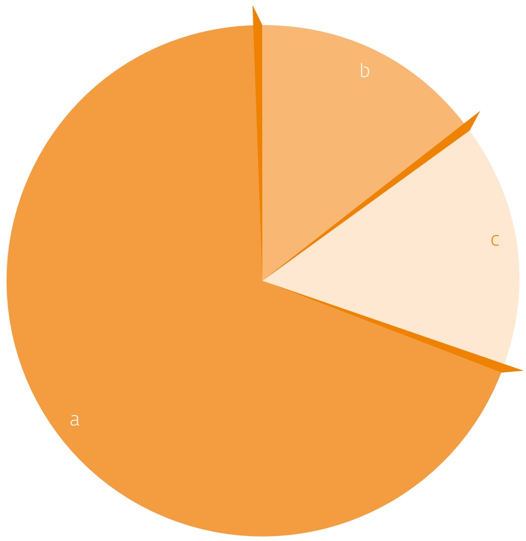
Real estate portfolio	31.12.2013	31.12.2012
Fair value of investment properties (€ 000)	361.678	359.183
Total leasable space (m²)	146.962	151.041
Occupancy rate (%)	95,4 %	97,3 %

Type of retail property



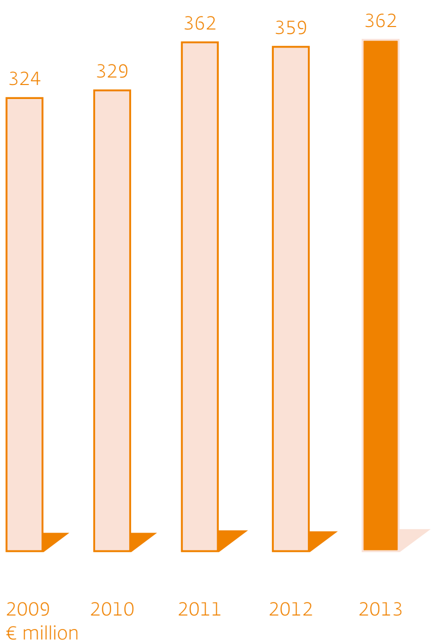
a ● 58 % Inner-city shops
b ● 42 % Retail warehouses and shopping centres

Geographic spread

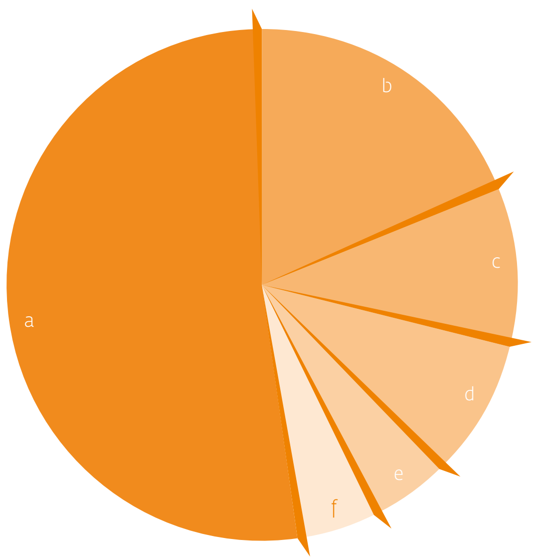


a ● 69 % Flanders
b ● 16 % Walloon region
c ● 15 % Brussels

Evolution of fair value of investment properties



Sector of tenants



a ● 52 % Chloting, shoes and accessories
b ● 19 % Domestic articles, interior and do-it-yourself
c ● 11 % Leisure, Luxury articles and personal care
d ● 8 % Specialised food shops and department stores
e ● 5 % TV, hifi, electrical articles, multimedia and telephone

Strong balance sheet: debt ratio 34 %

Key figures	31.12.2013	31.12.2012
Shareholders' equity (€ 000)	235.467	235.080
Liabilities (€ 000)	129.566	127.854
Debt ratio (%)	34 %	33 %

Key figures per share	31.12.2013	31.12.2012
Number of shares	5.078.525	5.078.525
Net asset value (fair value) (€)	46,37	46,29
Net asset value (investment value) (€)	48,13	48,07
Share price on closing date (€)	52,40	47,60
Premium to net asset value (fair value) (%)	13 %	3 %

EPRA Key figures

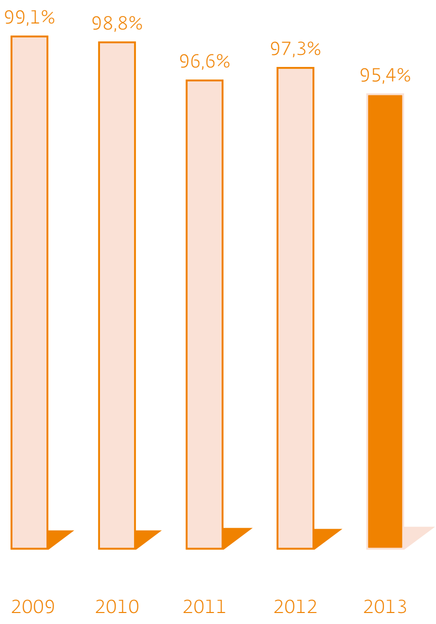
	31.12.2013	31.12.2012
EPRA Earnings per share (€)	2,63	2,64
EPRA NAV per share (€)	47,08	47,61
EPRA NNNAV per share (€)	46,31	46,22
EPRA Net Initial Yield (NIY) (%)	5,2 %	5,3 %
EPRA Topped-up NIY (%)	5,3 %	5,4 %
EPRA Vacancy rate (%)	4,7 %	2,7 %
EPRA Cost Ratio (including direct vacancy costs)	15,8 %	16,7 %
EPRA Cost Ratio (excluding direct vacancy costs)	15,1 %	16,4 %

Dividend yield

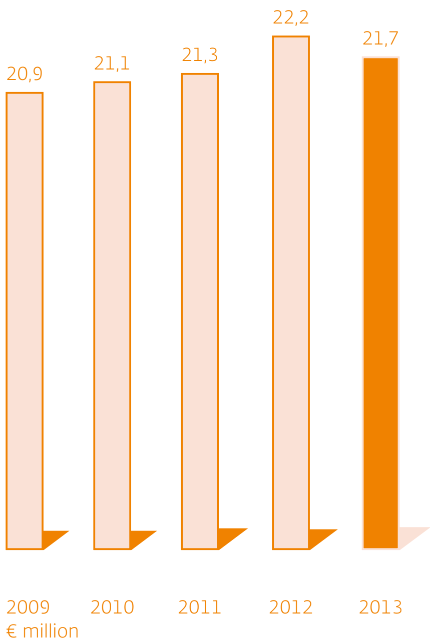
On 31 December 2013 the share price of Vastned Retail Belgium is € 52,40, offering a gross dividend yield of 5 %.

Results

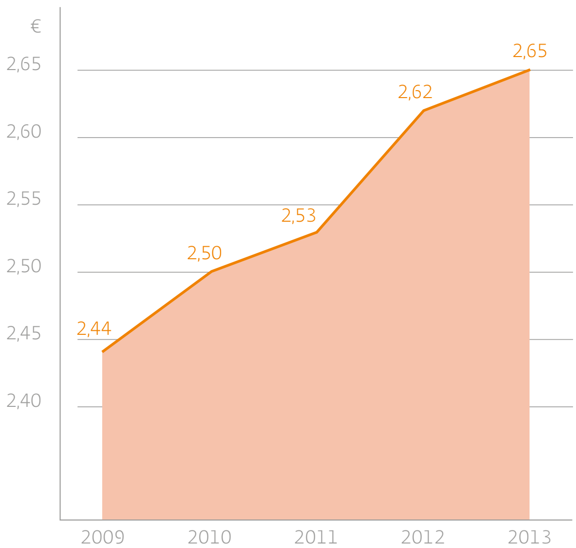
Occupancy rate: 95,4 %



Rental income: € 21,7 million



Distribution of gross dividend: € 2,65 per share



The gross dividend of Vastned Retail Belgium increases from € 2,62 in 2012 to € 2,65 per share in 2013.

Results

in thousands €	2013	2012
Rental income	21.743	22.245
Rental-related charges	-72	-133
Property management costs and income	37	19
Property result	**21.708**	**22.131**
Property charges	-2.276	-2.605
General costs and other operating income and costs	-989	-989
Operating result before result on portfolio	**18.443**	**18.537**
Result on disposals of investment properties	273	918
Changes in fair value of investment properties	-3.030	6.406
Other result on portfolio	-154	91
Operating result	**15.532**	**25.952**
Financial result (excl. changes in fair value - IAS 39)	-4.891	-5.166
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	1.586	-2.090
Taxes	-33	-32
Net result	**12.194**	**18.664**
Note:		
Operating distributable result	13.448	13.290
Result on portfolio	-2.911	7.415
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	1.657	-2.041

Result per share	2013	2012
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	2,40	3,68
Gross dividend (€)	2,65	2,62
Net dividend (€)	1,9875	1,9650

Financial calendar

Announcement of annual results as at 31 December 2013:	Tuesday 11 February 2014
General meeting of shareholders:	Wednesday 30 April 2014 at 14.30 pm
Dividend payable:	
Ex dividend date 2013	Tuesday 6 May 2014
Record date dividend 2013	Thursday 8 May 2014
Dividend payment 2013	as from Friday 9 May 2014
Interim statement on the results as at 31 March 2014:	Tuesday 6 May 2014
Half-yearly financial statement as at 30 June 2014:	Tuesday 29 July 2014
Interim statement on the results as at 30 September 2014:	Tuesday 28 October 2014

Letter to the shareholders

The gross dividend of Vastned Retail Belgium increases to € 2,65 per share in 2013 (€ 2,62 for financial year 2012). Gross dividend yield of 5 % based on the share price on closing date on 31 December 2013 (€ 52,40).

Almost stable fair value of the existing real estate portfolio in 2013 (- 0,8 %)[1].

Acquisition of a premium high street shop in the inner-city of Bruges in the third quarter of 2013, let to Massimo Dutti.

Sale of a retail park in Schelle and four commercial buildings in 2013.

Letting transactions on prime locations in Brussels on avenue Louise 7 and in Antwerp on Leysstraat 28-30.

On 31 December 2013, 58 % of the real estate portfolio of the property investment fund is invested in inner-city shops.

On 31 December 2013 the occupancy rate of the real estate portfolio is 95,4 %.

In 2013, the property investment fund changed its name into "Vastned Retail Belgium" to indicate clairly its independence and that regarding the real estate investment policy it joins the strategy of its Dutch majority shareholder Vastned.

The debt ratio amounts only to 34 % on 31 December 2013.

Dear shareholder,

The past year has been an especially good year for commercial properties. The retail landscape is undergoing structural changes due in part to the increase in internet sales and the ongoing economic crisis. As a result, the turnover of some retailers is under heavy pressure.

By contrast, the prime rents of inner-city shops in the leading cities of Antwerp and Brussels have remained stable, and Vastned Retail Belgium has succeeded in concluding some nice rental transactions in absolute prime locations such as avenue Louise 7 in Brussels with ICI Paris XL and on Leysstraat 28-30 in Antwerp with Pearl Opticiens.

With top yields of 4 %, there is a high demand for retail property in the investment market, and as such it is also showing little evidence of the above-mentioned structural changes. Vastned Retail Belgium has taken advantage of these favourable market conditions in the investment market by selling a number of less strategic properties for a total sales price of € 6,8 million, more than 7 % above the carrying amount (fair value).

1 Based on an unchanged composition of the real estate portfolio compared to 31 December 2012.

In the meantime, however, the degree to which prime locations (both retail warehouses and inner-city shops) are able to withstand these changing market conditions is clearly different than that of the somewhat less qualitative locations. Locations that still seemed attractive last year have lost some of their shine. Much smaller cities that had previously been relatively successful are now seeing vacancies in both retail warehouse locations as well as the inner city. This is also the case in Tongeren, where Vastned Retail Belgium owns Julianus Shopping, along which Maastrichterstraat runs. A considerable number of vacancies have cropped up in both Julianus Shopping as well as on Maastrichterstraat.

Due to its scale, its diversity and above all its overall quality, our real estate portfolio is relatively immune to market trends, though this does not exclude our obligation to be vigilant and to anticipate potential changes in market conditions in time. The occupancy rate remained high at 95,4 %.

In an effort to take retail market trends into account, the investment strategy of the property investment fund was adjusted back in 2012. The stricter investment strategy now targets prime retail properties in the most popular high streets of the major cities. New acquisitions will only be made in major cities having strong shopping districts in which an authentic shopping experience is possible.

Vastned Retail Belgium is aiming to increase further the share of high street shops in prime locations to at least 65 % of the portfolio. At the close of 2013, the portfolio of Vastned Retail Belgium was composed of 42 % retail warehouses and 58 % inner-city shops.

The Vastned group's strategy gives major consideration to the unique character of the Belgian retail landscape, in which well-situated and easily accessible retail parks with free parking meet the expectations of both retailers and consumers.

In an effort to increase the overall quality of the real estate portfolio and to attain a lower risk profile, a prime location on Steenstraat 38 in Bruges was acquired in 2013 for an investment value of € 11,5 million. The right amount of caution must nevertheless be taken when making acquisitions in prime locations; they are only attractive if sufficient potential exists for rental growth.

The immediate return on these types of investments in prime inner-city locations is lower over the short term than compared to retail warehouses, though this does ensure a good risk spread, an overall improvement in quality and greater predictability over the long term.

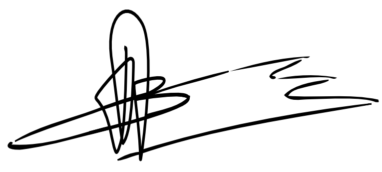
The objective of the strategy, moreover, is to achieve a stronger operational partnership between the different country organisations of the Vastned Group in which the various local teams exchange contacts and experiences with each other, something that could provide clear added value given the international nature of the major retailers. The combination of international experience and thorough understanding of local markets means that the property investment fund can meet the challenges of 2014 with confidence.

For financial year 2013, we can offer you a gross dividend of € 2,65 per share compared to € 2,62 per share for financial year 2012.

We wish to thank you for the confidence in our policy. We also wish to thank the management and all members of the personnel for their efforts being the basis of these good results.

The board of directors

Taco de Groot
Director



Jean-Pierre Blumberg
Chairman of the board of directors

Report of the board of directors

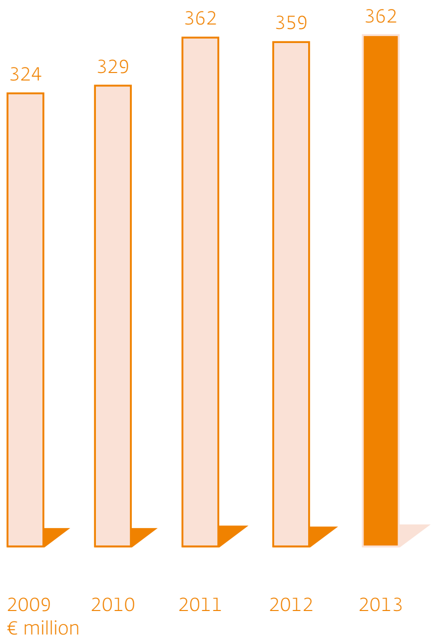
Armani Jeans
Antwerp
528 m^2

Profile

Vastned Retail Belgium invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations in prime locations and high-quality retail warehouses.
At present the portfolio is made up of 245 leasable units, spread over 86 different locations.

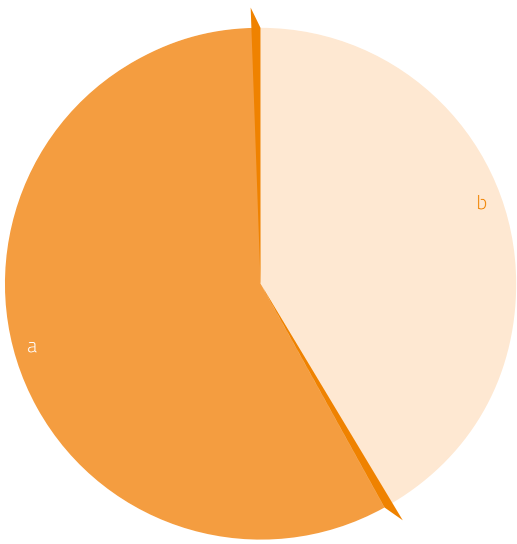
On 31 December 2013, the portfolio consists of 58 % of inner-city locations and 42 % of retail warehouses and shopping centres. The total fair value of the portfolio amounts to € 362 million at 31 December 2013.

Evolution of fair value of investment properties



Vastned Retail Belgium has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998. The shares of the company are listed on the regulated market on NYSE Euronext Brussels.

Type d real estate



Investment policy

The property investment fund maintains an investment policy focused on high-quality commercial properties which are leased to first-class tenants. These properties do not require major repair work in the short term and are strategically situated on good locations.

The investment policy is based on the principle of achieving a combination of a direct yield based on rental income and an indirect return based on the increase in value of the real estate portfolio.

The retail properties consist of shops located in Belgium. These premises can be retail warehouses (located outside city centres), inner-city locations as well as shopping centres. In principle, the property investment fund does not invest in residential properties, offices or logistic premises.

Vastned Retail Belgium wishes in term to have 65 % of its investments on top locations in the inner-city of larger cities. Vastned Retail Belgium believes that these top locations guarantee the most authentic and unique experience and also provide most certainty as investment object on the long run.

Vastned Retail Belgium's aim is to make its share more attractive by ensuring high liquidity, by expanding its property portfolio and by a better risk spread.

a ● 58 % Inner-city shops
b ● 42 % Retail warehouses and shopping centers

Increase of the liquidity of the share

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract large investors, which improves growth opportunities.

In 2013 the free float of the share has remained unchanged at 34,5 %.

Increased liquidity makes it easier to issue new shares (for increasing the capital, contributions in kind or mergers), which is also very important for growth.

To improve its liquidity, Vastned Retail Belgium has concluded a liquidity agreement with Bank Degroof. The liquidity of most Belgian property investment funds is relatively low. One major reason for this is that these funds are often too small - both in terms of market capitalisation and free float - to gain the attention of professional investors. In addition, shares in property investment funds are generally purchased as longer-term investments rather than on a speculative basis, which reduces the number of transactions.

Expansion of the property portfolio

A large portfolio clearly offers a number of benefits:

- it helps to spread the risk for the shareholders. By investing in commercial property throughout Belgium, it is possible to cushion potential cyclical movements in the market. This also means that the company is not dependent on one or a small number of major tenants or projects.
- the achieved economies of scale make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be paid out. This relates, for instance, to costs of maintenance and repair, the (long-term) renovation costs, consultancy fees, publicity costs, etc.
- with a larger total portfolio, management's negotiating position is improved when discussing new lease terms and offering new services, alternative locations, etc.
- it makes it possible for a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, resulting in increase in shareholder value. This makes it possible to achieve growth, not only in terms of the rental income, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimization of the portfolio, negotiations on new terms of lease, an improvement in the quality of the tenants, offer of new services, etc.

Expansion of the property portfolio can be achieved through a dynamic approach of the market on the one hand, on an internal level through the growth potential of the current property portfolio, and through acquisitions on the other hand.

Vastned Retail Belgium is a very useful partner for investors who wish to contribute their retail properties against the issue of new shares with a view to spreading risk and cutting administrative activities. Retail chains that still own their own premises can also benefit from concluding sale-and-rent-back transactions with Vastned Retail Belgium.

Improvement of risk spread

Vastned Retail Belgium tries to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as clothes, food, do-it-yourself, home interior, etc. Besides, the property investment fund strives to maximize the geographic spread of its premises.

The administration of the expiry dates and first interim expiry dates of the lease contracts are submitted to the restrictions by the legislation on commercial leases (act of 30 April 1951), allowing the tenants to terminate legally their tenancy agreement every three years.

Corporate governance statement

General

This corporate governance statement is in line with the provisions of the Belgian Corporate Governance Code 2009 ("2009 Code") and the Act of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 provided that the 2009 Code is the only code applicable. This Code can be found on the Belgian Official Gazette website and on www.corporategovernancecommittee.be.

Vastned Retail Belgium treats the Belgian Corporate Governance Code 2009 as a reference code. The Vastned Retail Belgium's board of directors have laid down corporate governance principles in a number of guidelines:

- the Corporate Governance Charter
- the code of conduct
- whistle-blowing rules
- the market abuse-prevention directive

The complete 'Corporate Governance Charter' that sets out the important internal procedures for the management entities of Vastned Retail Belgium, as well as the other directives, are available on the company website (www.vastned.be).

The terms of the Belgian Corporate Governance Code 2009 may only be deviated from when specific circumstances require it. If such an event occurs, the deviation is explained, in accordance with the 'comply or explain' principle, in the annual report. The board of directors of the property investment fund has judged that it is sometimes justified for the company not to follow certain terms of the Corporate Governance Code 2009. According to the "comply or explain" principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to property investment funds.

Brussels
6.604 m²

Management entities

Board of directors

Jean-Pierre Blumberg

Chairman, independent director
Address: Plataandreef 7
2900 Schoten
Term: April 2016
Function: Managing partner Linklaters LLP
Attendance: 8/9

Nick van Ommen

Independent director
Address: Beethovenweg 50
2202 AH Noordwijk aan Zee
The Netherlands
Term: April 2016
Function: Director of companies
Attendance: 9/9

EMSO sprl permanently represented by Chris Peeters

Independent director
Address: Jan Moorkensstraat 68
2600 Berchem
Term: April 2014
Function: Transport economist, managing director Policy Research Corporation sa
Attendance: 9/9

Hubert Roovers

Director
Address: Franklin Rooseveltlaan 38
4835 AB Breda
The Netherlands
Term: April 2014
Function: Director of companies
Attendance: 9/9

Taco de Groot

Director
Address: Schubertlaan 16
3723 LN Bilthoven
The Netherlands
Term: April 2014
Function: Chief executive officer Vastned Retail
Attendance: 6/9

Tom de Witte

Director
Address: Kamerlingh Onnesstraat 69
2984 ED Ridderkerk
The Netherlands
Term: April 2015
Function: Chief financial officer Vastned Retail
Attendance: 9/9

The board of directors comprises six members, three of whom are independent directors who all three fulfil the conditions of article 526ter of the Belgian Companies Code. All directors are non-executive directors.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

The board of directors met nine times in 2013. The most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions in 2013 have been:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2013 and the business plan 2014
- discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurances, renovations, etc.)

During financial year 2013, Taco de Groot and Tom de Witte have represented the majority shareholder Vastned Retail sa.

The corporate governance charter of the property investment fund stipulates that directors resign on the date of the general meeting of shareholders held in the year in which they turn 70 years old. Deviating from this in the interest of the company is only allowed for specific reasons. This is the case with Hubert Roovers who reached the maximum age. The board of directors believes that, based on his vision, competence, knowledge and years of experience in real estate, it is in the interest of the company that Hubert Roovers whose mandate expires in April 2014 will be prolonged for one year.

Since the passage of the Act of 28 July 2011, quotas have been imposed in Belgium in order to ensure that women have a seat on the board of directors of listed companies. As a result, Vastned Retail Belgium must see to it that, in the future, at least one third of the members of the board of directors are female. For companies with a free float of less than 50 %, this law applies as from the first day of the eighth financial year that starts following the publication of this law in the Belgian Official Gazette, which is 1 January 2019. In the future, when the mandate of a director ends, Vastned Retail Belgium will select a list of candidate directors on the basis of clear and objective criteria, and in so doing it will take gender diversity into account.

Audit committee

In 2013, the audit committee comprises three independent directors:

- Nick van Ommen (chairman) (attendance 5/5)
- Jean-Pierre Blumberg (attendance 4/5)
- EMSO sprl, permanently represented by Chris Peeters (attendance 5/5)

In 2013, these independent directors fulfil all nine criteria of independence pursuant to article 526ter of the Belgian Companies Code. The term of their mandate in the audit committee is not specified.

The members of the audit committee are experts. Each member of the committee is independently qualified in the area of accountancy and/or auditing. Besides, the audit committee as a whole is qualified. This on two levels: in the area of the activities of Vastned Retail Belgium and in the area of accountancy and auditing.

In 2013, the audit committee met five times. The most important items on the agenda of the audit committee in 2013 have been:

- discussion of the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion of the budgets
- oversight of statutory audit of the (consolidated) annual accounts and analysis of the recommendations of the statutory auditor
- analysis of the efficiency of the internal audit mechanism and risk-management of the company

The committee reports its conclusions and recommendations directly to the board of directors.

Management committee

On 31 December 2013, the management committee comprises:

- sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- sprl Rudi Taelemans, represented by Rudi Taelemans, chief operating officer
- Inge Tas, chief financial officer

Jean-Paul Sols sprl, permanently represented by Jean-Paul Sols, and Inge Tas, also hold a management committee's mandate at Intervest Offices & Warehouses sa, public property investment fund governed by Belgian law.

Pursuant to article 524bis of the Belgian Companies Code and article 15 of the company's articles of association, the board of directors has delegated specific management authority. The rules pertaining to the composition and operation of the management committee are described in more detail in the company's 'Corporate Governance Charter' that is available on the website (www.vastned.be). The members of the management committee (except Rudi Taelemans sprl) are also the effective leaders of the company pursuant to article 39 of the Act of 3 August 2012 relating to certain forms of collective management of investment portfolios.



Management committee
Jean-Paul Sols
Inge Tas
Rudi Taelemans

Evaluation of management entities

Under the direction of the chairman, the board of directors periodically reviews its size, composition, working and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- an assessment is made of the functioning and leadership of the board of directors
- the question of whether major subjects are prepared and discussed thoroughly
- an assessment is made of the actual contribution and involvement of each director in the discussions and decisions
- the composition of the board of directors is assessed with respect to the desired composition of the board
- the functioning and composition of the audit committee is discussed
- the collaboration and communication with the management committee is evaluated

If the above mentioned evaluation procedures show some weaknesses, the board of directors will have to offer appropriate solutions. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

Conflicts of interest

As far as the prevention of conflicts of interest is concerned, the property investment fund is subject to legal rules (articles 523 and 524 of the Belgian Companies Code, the Act of 3 August 2012 relating to certain forms of collective management of investment portfolios and articles 17 to 19 of the Royal Decree of 7 December 2010) and to the rules defined in its articles of association and its Corporate Governance Charter.

In this regard, article 17 of the articles of association of the property investment fund states the following: "Directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in the Royal Decree of 7 December 2010 relating to property investment funds and in the Belgian Companies Code, as these may be amended, where appropriate.

- Conflicting interests of a proprietary nature of directors and members of the management committee

The board of directors, management committee and every member strictly undertake to exclude any possible conflict of interest, whether of a proprietary, professional or of any other nature, and intend to carefully comply with the legal rule defined in article 523 of the Belgian Companies Code regarding conflicts of interest between the property investment fund and a director.

If, for example, a director of the property investment fund, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, article 523 of the Belgian Companies Code shall be applicable and the concerned director shall be requested not to participate in the deliberations on the decisions or transactions or in the voting (article 523, § 1 in fine).

If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the concerned member must inform the chairman and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the secretary shall describe the nature of the decision or transaction in the minutes and justifies the decision taken. The minutes also outline the property-related consequences for the company resulting from this decision. The report of the statutory auditor, to be drawn up pursuant to article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

Company
Antwerp
684 m²

H&M
Vilvorde
1.338 m²

- Conflict of interest of a major shareholder

In case of a potential conflict of interest with a major shareholder of the property investment fund, the procedure defined in article 524 of the Belgian Companies Code shall be applicable. Article 524 of the Belgian Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

- Conflict of interest of certain persons mentioned in article 18 of the Royal Decree of 7 December 2010

Similarly, article 18 of the Royal Decree of 7 December 2010 states that the public property investment fund must inform the Financial Services and Markets Authority (FSMA) in advance of any planned transactions to be carried out by the public property investment fund or by one of its subsidiaries if one or more of the following persons serve, directly or indirectly, as counterparty in these transactions or derive any pecuniary advantage from it: persons who exercise control over the public property investment fund or own a share of it; the promoter of the public property investment fund; other shareholders of all subsidiaries of the public property investment fund; and the directors, business managers, members of the management committee, persons responsible for the day-to-day management, actual managers or authorised agents; and persons associated with all these parties.

These planned transactions must represent an interest for the public property investment fund, be in line with its investment policy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to article 31, §2 of the Royal Decree of 7 December 2010, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the property expert.

The procedure for avoiding conflicts of interest has not been invoked during financial year 2013.

Remuneration report

Appointment and remuneration committee

Vastned Retail Belgium does not have an appointment and remuneration committee. The board of directors of the property investment fund is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as tasks of the entire board of directors. Herewith, Vastned Retail Belgium derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on "Comply or Explain" principle), since the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the property investment fund requires too little additional attention to justify a separate committee and its related additional expenses.

Remuneration policy of the board of directors

The board of directors is responsible for the remuneration policy for its members and for the members of the management committee. The remuneration of the directors has to be proposed for approval to the general meeting.

This policy is based on the following principles:

- the remuneration policy for directors and members of management committee is in accordance with all the applicable regulations and in particular with those contained in the Royal Decree of 7 December 2010 relating to property investment funds
- the total remuneration level and structure should be such that qualified and competent persons can be recruited and retained
- the remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted in the medium and long term
- the remuneration policy takes into account the responsibilities and time spent by directors and members of management committee

Other things being equal, the remuneration policy shall remain applicable for the next two financial years.

Gouden Kruispunt
Tielt-Winge
19.096 m²

Basic remuneration 2013

○ Directors

In 2013, the annual fixed fee of the directors, who do not represent the majority shareholder, amounts to € 14.000 per year for a member of the board of directors (€ 15.000 per year for the chairman of the board of directors). No additional fees are paid for serving as a member or as a chairman of a committee. The directors representing the majority shareholder perform their duties without remuneration.

No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to article 16 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the property investment fund. The directors do not own shares of the property investment fund and nor have any options been granted to the directors on shares of the property investment fund.

○ Members of the management committee

The amount of the fixed fee granted as remuneration in 2013 to the members of the management committee, amounts to € 389.579, of which € 121.104 is for the chairman of the management committee. No options have been granted to the management committee on shares of the property investment fund.

Bonus for 2012, paid in 2013

The three members of the management committee may be eligible for an annual combined bonus of maximum € 39.500. The amount of bonus to be granted is determined on the basis of measurable criteria linked to agreed performance levels.

In 2012, these criteria were in the area of relettings, the occupancy rate, investments, sustainability, the commercialisation of Julianus Shopping in Tongeren and the refinancing of credit facilities with financial institutions. Based on targets achieved in 2012, a total bonus of € 35.500 was awarded in 2013. No reclamation rights are foreseen for the variable remuneration.

Besides this regular bonus, a member of the management committee may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus has been paid for 2012.

Basic remuneration for 2014 and bonus for 2013

The annual fixed fee of the independent non-executive directors remains unchanged with respect to the above-mentioned fees of 2013.

On 1 January each year, the annual fixed fee of the members of the management committee is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 1 % as on 1 January 2014.

Bonus criteria for 2013 are in the area the improvement of the occupancy rate, investments and divestments within the framework of the strategy, attracting important retailers, the optimisation of the account management, the prolongation and diversification of financings, monitoring of the compliance and the optimisation of the fiscal position of the property investment fund.

The three members of the management committee may be eligible for an annual combined bonus of maximum € 47.000. Based on the target achieved in 2013, a total bonus of € 43.500 is awarded. No additional bonus will be paid for 2013.

Duration and termination conditions

Members of the board of directors are appointed for a period of 3 years, but their appointment may be revoked at any time by the general shareholders meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve (for the cfo) to eighteen (for the ceo and the coo) months' fixed fee (except for gross negligence or deliberate error, in which case no compensation will be payable).

Major risk factors and internal control and risk management systems

In 2013, the board of directors of Vastned Retail Belgium once again focuses attention on the risk factors with which Vastned Retail Belgium must contend.

The constant evolutions in the real estate and financial markets require a continuous monitoring of the strategic, operational and financial risks, as well as of the financial reporting and compliance risks in order to safeguard the results and the financial situation of Vastned Retail Belgium.

Strategic risks and management

These risks are determined in large measure by the strategic choices made by Vastned Retail Belgium to limit the vulnerability to external factors. The size of these risks is determined by the strategic choices with respect to investment policy, such as the choice of:

- type of real estate: Vastned Retail Belgium has mainly chosen to invest in (all types of) commercial properties, with a focus on inner-city shops. Retail warehouses and shopping centres also belong to the portfolio. Furthermore, the property investment fund tries to spread as well as possible the geographic locations of its properties.

  The real estate patrimony of Vastned Retail Belgium is valued on a quarterly basis by independent property experts. These property experts have the necessary qualifications and significant market experience. The fair value of the buildings, as estimated by them, is entered under the section "Investment properties" in the assets side of the statutory and consolidated balance sheet. Fluctuations in fair values are entered under the section "Changes in fair value of investment properties" in the consolidated and statutory income statements and these can have either a positive or negative effect on the net income. The values established by the experts represent the market value of the buildings. Consequently, fluctuations in the market value of the property are reflected in the net assets of Vastned Retail Belgium, as published on a quarterly basis. Vastned Retail Belgium is exposed to the fluctuation of the fair value of its portfolio, as estimated by the independent assessments.

  On 31 December 2013, a 1 % hypothetical negative adjustment of the yield used by property experts for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) would reduce the investment value of the real estate by € 53 million or 14 %. As a result, the debt ratio of the property investment fund would increase by 6 % to 40 % (in this regard, also see the "Sensitivity Analysis" in the Property Report).

- time of investment and divestment: Based on the knowledge of economic and real estate cycles, one tries to anticipate as accurately as possible the downward and upward movements of the markets. The normally expected course of the economic cycles can be assessed to the best of one's ability based on economic indicators. The investment market and particularly, the rental market for commercial real estate respond with a certain amount of delay to the volatility of the economic climate. Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to sharp negative adjustments. During this period of economic boom, Vastned Retail Belgium will pursue a fairly moderate policy on investments so as to reduce the risk of making ill-timed investments. In periods of economic recession, the value and occupancy rate of buildings usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing value of buildings and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the property investment fund from rising above the permitted levels.

Operating risks and management

These risks arise out of daily transactions and (external) events executed within the strategic framework, such as:

- investment risks: The main risks inherent in investing in real estate are related to future negative changes in fair value of investment properties caused primarily by increasing vacancy, unpaid rents, decline in rents when concluding new lease contracts or extending existing lease contracts, and soil contamination.

At Vastned Retail Belgium, internal control measures are taken to reduce the risk of making incorrect investment decisions. For example, the risk profile is always carefully assessed based on market research, an estimate of future yields, a screening of existing tenants, a study of environmental and permit requirements, an analysis of tax risks, etc.

Pursuant to article 31 of the Royal Decree of 7 December 2010 relating to property investment funds, an independent property expert values each acquisition or disposal of property. For each disposal, the assessment value determined by the independent property expert is an important guiding principle for the transaction value. Vastned Retail Belgium also carefully ensures that the guarantees offered during the transaction remain limited, in terms of both duration and value.

For each acquisition, Vastned Retail Belgium also carries out a technical, administrative, legal, accounting and tax "due diligence" based on continuous analysis procedures and usually with the assistance of external, specialised consultants.

- rental risks: These risks are related to the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target audience and users, the quality of the property, the quality of the tenant and the lease contract. Vastned Retail Belgium continuously records the development of these factors. Based on the above criteria, a risk profile is allocated to each property, which is regularly evaluated (based on the property investment fund's own local knowledge and data from external parties and/or valuers). Depending on the risk profile, a certain yield must be realised over a certain period, which is compared to the expected yield according to the internal yield model. On the basis of this, an analysis is drawn up of the objects in which additional investments should be made, where the tenant mix must be adapted and which premises are eligible for sale. Vacancy and the vacancy risk are also analysed each month, for which the expiry dates of the lease contacts are taken into account. The fund strives to maintain a balanced distribution of the duration of the lease contracts in compliance with rules defined in the applicable leasing legislation. This allows future lease terminations and contract revisions to be anticipated in good time.

- cost control risks: There is a risk of the net yield on real estate being negatively influenced by high operating costs or investments. Within Vastned Retail Belgium, several internal control measures are implemented that reduce this risk, including regular comparison of maintenance budgets with the actual reality and approval procedures at the time of entering into maintenance and investment commitments. These approval procedures entail, depending on the amount, one or more offers being requested from various contractors. During this process, the asset management department of Vastned Retail Belgium makes a comparison of price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the property investment fund.

- debtor's risks: Vastned Retail Belgium follows clear procedures for screening tenants when new lease contracts are concluded. Deposits or bank guarantees are also always when entering into lease contracts. A rental deposit or bank guarantee of six months' rent is provided for in the standard lease contract used by Vastned Retail Belgium for the rental of its premises. On 31 December 2013, the actual weighted average duration of the rental deposits and bank guarantees is approximately 5 months (or about € 9 million).

  In addition, there are internal control procedures in place to ensure timely recovery of lease receivables and adequate follow-up of rent arrears. Rents are payable in advance on a monthly or quarterly basis. The financial and real estate portfolio administration pays close attention to limiting rent arrears. On 31 December 2013, the number of days of outstanding customers' credit is only 2 days.

- legal and tax risks:
  - contracts and corporate reorganisations

  Before concluding contracts with third parties and depending on their complexity, these are reviewed by external consultants, to reduce the risk of financial loss and damage being caused to the fund's reputation due to inadequate contracts. Vastned Retail Belgium is insured against liability arising from its activities or its investments under a third party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 35 million.

Corporate reorganisations, in which Vastned Retail Belgium is involved (merger, demerger, partial demerger, contribution in kind, etc.), are always subject to "due diligence" activities, guided by external consultants to minimise the risk of legal and financial errors.

- insurance

The risk of buildings being destroyed by fire or other disasters is insured by Vastned Retail Belgium for a total reconstruction value of € 156 million (€ 81 million for inner-city shops and € 75 million for retail warehouses and shopping centres), as compared to a fair value of investment properties of € 362 million on 31 December 2013 (€ 211 million for inner-city shops and € 150 million for retail warehouses and shopping centres). Cover is also provided for vacancy in the buildings due to these events for 36 months rent. The insurance policies also include additional guarantees for 20 % maximum of the insured value for costs for maintenance and cleaning up, claims of tenants and users and third party claims.

- taxation

Taxation plays an important role in the area of property investments (VAT, registration fees, exit tax, split acquisitions, property tax, etc.). These tax risks are continuously assessed and where necessary, the assistance of external consultants is used.

- risk relating to regulatory and administrative procedures

The changes in regulations on urban planning and environmental protection can have an adverse effect on the long-term operation of a building by Vastned Retail Belgium. The strict enforcement and observance of urban planning regulations by municipal governments can negatively influence the attractiveness of the building. For example, a reduction in the dimensions of a building imposed as part of thorough renovation can also affect its fair value.

The exit tax, which is due by companies acquired by the property investment fund via merger, is calculated while taking Circular Letter Ci.RH.423/567.729 of 23 December 2004 into account. The way in which this circular letter is interpreted or applied in practice can always vary. This 'actual tax value', as the circular letter refers to it, is calculated by deducting registration fees or VAT, and differs from the fair value of the property as recorded on the fund's balance sheet (in accordance with IAS 40).

Finally, the introduction of new or more stringent standards for soil contamination or energy consumption can have a major impact on the costs required to continue operating the property.

- regulatory risk linked to the AIFMD

The property investment fund is governed by the Act of 3 August 2012 on certain forms of collective management of investment portfolios and could therefore be considered as an alternative investment fund when the European AIFM Directive (Directive 2011/61/EU on alternative investment fund managers) is transposed into Belgian law, along with its implementing measures. This transposition should have taken place before 22 July 2013. On 31 December 2013 there are still uncertainties regarding the application of this directive to the REIT sector in the various European countries, but if the property investment funds are treated as an alternative investment fund, Vastned Retail Belgium would be subject not only to the rules arising from this directive but also to the European EMIR Regulation (Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories) or other regulations in preparation (financial transaction tax as part of the common system devised by the Commission, CRD IV (new capital and liquidity requirements for credit institutions that may affect the relationship with alternative investment fund counterparties), etc.).

The additional requirements laid down by the AIFMD, including on systems of administrative management, internal audit, management of conflicts of interest, risk management, liquidity management and the appointment of a depositary, would compel the property investment fund to adapt its internal organisation, rules or procedures, which would make its management more cumbersome, hinder certain transactions and require additional resources to implement these new provisions, and would in any case increase management and administration costs. The EMIR Regulation would expose the property investment fund to margin calls on its hedging instruments, which would increase its financing requirements and costs. The impact of other regulations (tax on financial transactions, CRD IV) mainly entail higher costs for the property investment fund.

Financial risks and management

The major financial risks are the financing risk, the liquidity risk and the interest-rate risk and the risks associated with banking counterparties.

- financing risk: The real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase in borrowed capital with respect to shareholders' equity can result in a higher yield (known as "leverage"), but can also imply an increased risk. In case of disappointing yields from real estate and a decrease in fair value of investment properties, a high degree of leverage can give rise to the risk of no longer being able to meet interest rate and repayment obligations of borrowed capital and other payment obligations. In such a case, it is not possible to obtain financing with new borrowed capital or this can only be obtained under very unfavourable terms. To continue meeting payment obligations, real estate must then be sold, which entails the risk that this sale cannot be carried out under the most favourable conditions. The value development of the retail portfolio is largely determined by developments in the real estate market. For financing real estate, Vastned Retail Belgium always strives for a balance between shareholders' equity and borrowed capital.

  Vastned Retail Belgium also strives to secure access to the capital market by providing transparent information and maintaining regular contacts with bankers and current or potential shareholders and by increasing the liquidity of the share.

  Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from if specific market conditions require this. The average remaining duration of the long-term credit agreements as on 31 December 2013 is 2,8 years.

  The bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Vastned Retail Belgium or its financial interest charges. These ratios limit the amount that could still be borrowed by Vastned Retail Belgium. These ratios were respected as on 31 December 2013. If Vastned Retail Belgium were no longer to respect these ratios, the financing agreements of Vastned Retail Belgium can be cancelled, renegotiated, terminated or prematurely repaid.

  Vastned Retail Belgium is limited in its borrowing capacity by the maximum debt ratio permitted by the regulations relating to property investment funds. Within the legally defined limits of the 65 % ratio, the theoretical additional debt capacity of Vastned Retail Belgium amounts to approximately € 320 million in case of an unchanged valuation of the existing real estate portfolio. On 31 December 2013 the debt ratio amounts to 34 %.

- liquidity risk: Vastned Retail Belgium must generate sufficient cash flow to meet its day-to-day payment obligations. On the one hand, this risk is limited by the measures mentioned under operational risks, which reduces the risk of loss of cash flow due to e.g. vacancy or bankruptcies of tenants. On the other hand Vastned Retail Belgium has to dispose of sufficient credit margin to absorb fluctuations in liquidity needs. For this purpose cash flow prognoses are made. In addition, Vastned Retail Belgium has provided for a sufficient credit margin with its bankers to absorb fluctuations in liquidity requirements. In order to avail itself of this credit margin, the convenants of credit facilities must be complied with on a continuous basis.

  On 31 December 2013, Vastned Retail Belgium has non-withdrawn credit lines of € 15 million available for its operations and dividend payment.

- interest rate risk: As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one-third short-term borrowed capital (with a variable interest rate) and two-thirds long-term borrowed capital (with a fixed interest rate). Depending on the developments in interest rates, derogation from this may occur. Additionally, the company tries, with respect to the long-term borrowed capital, to achieve a balanced spread of the dates of review of the interest rates and duration of minimum 3 years.

  On 31 December 2013, 66 % of the credit lines of the property investment fund are financing with a fixed interest rate are fixed by interest rate swaps. 34 % of the credit facilities have a variable interest rate. The fixed interest rates are fixed for a remaining average duration of 3,3 years.

- risk associated with banking counterparties: The conclusion of a financing contract or investment in a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default. In order to limit this counterparty risk, Vastned Retail Belgium takes the assistance of various reference banks in the market to ensure a certain diversification of its sources of financing and its interest rate hedges, with particular attention for the price-quality ratio of the services provided.

  Vastned Retail Belgium maintains business relations with 5 banks:

  - banks providing financing are: ING Belgium sa, BNP Paribas Fortis, Banque LBLux sa, Belfius Bank and Insurance sa and KBC Bank sa.
  - banks which are counterparties for the interest rate hedges are: BNP Paribas Fortis, ING Belgium sa and KBC Bank sa.

  Vastned Retail Belgium regularly reviews the list of its banking relationships and the extent of its exposure to each of these. In the current context of the crisis in the banking sector, it is possible that one or more of the banking counterparties of Vastned Retail Belgium can remain in default. The financial model of Vastned Retail Belgium is based on a structural debt burden, which implies that its cash position at a financial institution is usually quite limited. On 31 December 2013, this cash position amounts to € 1,9 million.

Financial reporting risks and management

The financial reporting risk is the risk that the property investment's financial reports contain material inaccuracies, in which case stakeholders would receive incorrect information regarding the operational and financial results of the property investment, as well as the risk that the deadline imposed by the regulations for financial reporting is not honoured. This can result in damage to the property investment's reputation, and stakeholders could make investment decisions which are not based on the right information, which in turn could result in claims being filed against the property investment fund.

Each quarter, a complete closing and consolidation of the accounts is prepared and published. To optimise the financial reporting process, the finance department always draws up a schedule with deadlines for all the tasks to be completed. Subsequently, the financial team prepares the quarterly figures and balance sheets. These quarterly figures are always analysed in detail and checked internally.

To reduce the risk of errors in the financial reporting, these figures are discussed within the management committee and their accuracy and completeness checked via analyses of rental incomes, operational costs, vacancy, rental activities, the evolution of the value of the buildings, outstanding debtors, etc. Comparisons with forecasts and budgets are discussed. After this, the management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. In addition, the half-yearly and annual figures are always checked by the statutory auditor.

Compliance risks and management

This includes the risk of an inadequate level of compliance with relevant laws and regulations and the risk of employees not acting with integrity. Vastned Retail Belgium limits this risk by screening its employees at the time of recruitment, by creating awareness among them regarding this risk and by ensuring that they have sufficient knowledge of the changes in the relevant laws and regulations, assisted in this regard by external legal advisers. To ensure a corporate culture of integrity, Vastned Retail Belgium has in the past defined an internal code of conduct and whistleblowing rules.

Other parties involved

Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is the cooperative partnership Deloitte Réviseurs d'Entreprises SC, which is represented by Kathleen De Brabander, auditor.

Property experts

In 2013, the real estate portfolio is valued every quarter by three independent experts, de Crombrugghe & Partners, Cushman & Wakefield and CB Richard Ellis, each for a part of the portfolio, based on a rotation principle.

Compliance officer

Pursuant to clauses 3.7. and 6.8. as well as appendix B of the Belgian Corporate Governance Code 2009, the company nominated Inge Tas, member of the management committee and cfo as "compliance officer", charged with the supervision of compliance with the rules on market abuse. Those rules were imposed by the Act of 2 August 2002 concerning the supervision on the financial sector and the financial services and Directive 2003/6/EC concerning insider trade and market manipulation.

"Comply or explain"-principle

In 2013, the company deviated from the following stipulations of the code (explain):

- Clauses 5.3 and 5.4 on the operation of committees (incl. appendix D & E)

  The board of directors decided not to set up an appointment committee or a remuneration committee. It is the opinion of the board that tasks of these committees are tasks of the full board of directors. The limited size of the board makes an efficient debate on these subjects possible.

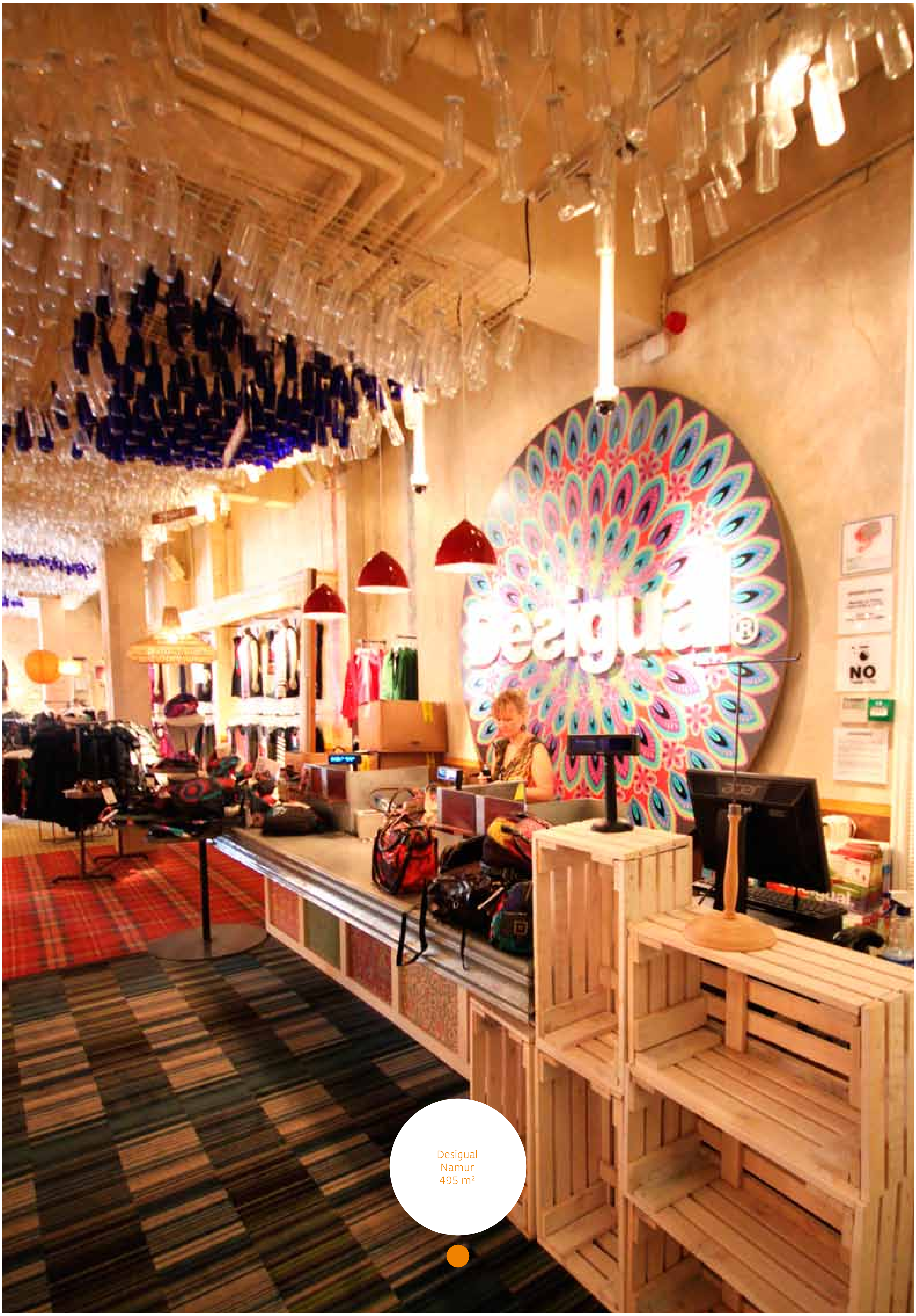
- Clause 2.9 Company secretary

  The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communication within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors make such a position superfluous.

- Determination of the age limit

  The corporate governance charter of the property investment fund stipulates that directors resign on the date of the general meeting of shareholders held in the year in which they turn 70 years old. Deviating from this in the interest of the company is only allowed for specific reasons. This is the case with Hubert Roovers who reached the maximum age. The board of directors believes that, based on his vision, competence, knowledge and years of experience in real estate, it is in the interest of the company that Hubert Roovers whose mandate expires in April 2014 will be prolonged for one year.

Report of the management committee



Desigual
Namur
495 m²

The retail property market

A round table discussion among Vastned Retail Belgium's real estate experts on the subject of trends in the investment and commercial lease market in 2013, and a look ahead to 2014

Vastned Retail Belgium invited its real estate experts to come and discuss the current investment and commercial lease market. This discussion took place on 14 January 2014.

Discussion partners: Jean-Paul Sols and Rudi Taelemans (Vastned Retail Belgium), Kris Peetermans, Mathias Gerrits, Jef Van Doorslaer and Arnaud de Bergeyck (Cushman & Wakefield), Pieter Paepen and John Collin (CB Richard Ellis). The auditor for Vastned Retail Belgium, Deloitte Réviseurs d'Entreprises, has also followed the discussions.

Rental market

Even though 2013 was not an easy year for many retailers, there was no decrease in the number of rental transactions. Compared to previous years, there were fewer candidates per rental transaction: the number of expansive retailers has declined. The number of newcomers in the market has in particular declined, something which often gives aspiring tenants the power to negotiate the rent price.

In the city centre, the difference between the mid-range and luxury segments is notable.
The luxury segment in the high streets is characterised by a considerable number of expansive international newcomers: Mont Blanc, Tesla, Karl Lagerfeld, Twinset, etc. Rents for flagship stores in these exceptional locations, such as Avenue Louise, Boulevard de Waterloo and Schuttershofstraat, remain high. Besides generating turnover, the positioning of one's brand image continues to be crucial when choosing a location, as well as the willingness to pay high rent.

The mid-range segment is characterised by fierce competition among retail concepts. Large-scale chains such as Inditex, Primark and H&M are becoming more dominant in the market. This increased level of competitiveness can also be felt in the rental market. Tenants are clearly taking a more competitive and assertive stance during negotiations than they have in the past.

In the retail warehouse market, third-generation retail warehouse parks - clusters of retail warehouses with straightforward, modern architecture and centralised management - have performed especially well, sometimes at the expense of shops in the city centres of smaller towns. In more rural environments, chain stores which in the past always opted for the city centre are now sometimes preferring retail warehouse parks over small-town city centres. The rents for retail warehouse locations have remain fairly stable.

The impact of online stores on retail properties in Belgium remains minimal for now. Even though the market share of online stores is growing swiftly, physical stores remain an essential part of the retail landscape.

Investment market

The city centre had an excellent year in 2013, both in primary and secondary cities. As was the case in 2012, yields have been particularly low (top yields of 4 % or lower).

The limited supply compared to the large number of would-be buyers has put downward pressure on yields.

Two-thirds of investors are private investors, and for the most part these are newcomers to the market. They feel they can get more security and a higher yield in retail properties than in other investments, and they are willing to offer top prices.

In addition, yields are no longer determined as much on the basis of the current rent as on the potential rent, i.e. yields on the market rent as opposed to yields on the actual rent.

The demand for top-yield transactions continues to be very high. Investing in the prime locations of major cities remains a strong long-term strategy.

Sustainability

Sustainability is not as important for retail properties as it is in the office market. In the retail market, sustainability plays a much smaller role when choosing a location. When new retail warehouses and shopping centres are built, however, attention is definitely paid to the sustainability aspects of the property.

This does not mean that sustainability is not important to retailers: they think about environmentally efficient lighting and air conditioning, and sustainability is also an important issue with regard to the production process. But in terms of the property itself, sustainability is often not a criterion for them.

Important developments in 2013

Jardin d'Harscamp
Namur
2.270 m²

Change of name

On 24 April 2013 the shareholders' general meeting changed the name of the property investment fund into Vastned Retail Belgium (formerly Intervest Retail). This change of name indicates that the property investment fund joins the strategy of its Dutch majority shareholder Vastned regarding the real estate investment policy. Also on an operational level a strengthened synergy is pursued between the countries where Vastned is active by means of frequent dialogue related to operational matters.

Vastned, the listed European real estate fund listed that focusses on "venues for premium shopping" is active in the Netherlands, France, Belgium, Spain and Turkey (Istanbul) with an invested patrimony of approximately € 2,0 billion. Vastned, the majority shareholder of Vastned Retail Belgium since 1999, was previously already associated with its predecessor legal and has currently a shareholding of 65,5 %.

The strengthened strategy of Vastned targets the best retail real estate in the most popular commercial streets in larger cities ("high streets"). New acquisitions will be realised in inner-cities with strong commercial areas providing a genuine shopping experience. Vastned Retail Belgium joins this strategy and wishes herewith to respond to the changing retail landscape.

The direct yield of such investments on top locations in inner-cities is in the short term lower than the yield of retail warehouses. Vastned Retail Belgium aims to increase the share of high street shops on prime locations from 58 % of the entire portfolio (at year-end 2013) to at least 65 % of the portfolio in view of obtaining a lower risk profile.

Investments

For new investments the focus of Vastned Retail Belgium will be on high-quality commercial properties on top locations in the inner-city of larger cities in Belgium, such as Brussels, Antwerp, Ghent and Bruges.

Acquisition of a premium high street shop located Steenstraat in Bruges

In the third quarter of 2013, Vastned Retail Belgium expanded its commercial portfolio with the acquisition of a prime commercial building, let to Massimo Dutti, and located on Steenstraat 38 in Bruges for an investment value of approximately € 11,5 million. The building is situated at the very best location of the Steenstraat and has a unique facade of 17 meters. Through this and its corner location with the Zilverstraat the building enjoys the best visibility of the Steenstraat.

The building was constructed in 1763 in classical style for the craft guild of carpenters. About 1982 the building was, apart from the facades, demolished and completely rebuilt as bank office. Till the middle of 2013 the building was used as KBC bank office. In the fourth quarter of 2013 the building was redesigned as shop for Massimo Dutti with respect for the rich architecture of the facade. The high qualitative design of the interior increases the aura and character of the building.

The building is acquired at a market rate yield. The current rental value lies below the common market rent. The financing of this transaction is funded from the existing credit lines of the property investment fund.

The commercial space of the building on the Steenstraat 38 is about 700 m² and is located on level -1 (215 m²), the ground floor (242 m²) and the first floor (240 m²). On the second floor the additional space of 244 m² will be converted into storage and a social space. Besides this high street shop Vastned Retail Belgium lets the building on the Steenstraat 80 to H&M.

Massimo Dutti
Bruges
941 m²

Massimo Dutti
Bruges
941 m²

Divestments of real estate

In 2013 Vastned Retail Belgium sold a retail park and four commercial buildings for a total amount of € 6,8 million or approximately 7 % above the carrying amount (fair value).

Over the long term the strategy of Vastned Retail Belgium is to reduce the share of retail warehouses in the real estate portfolio of the property investment fund and to evolve to a share of 65 % of inner-city shops in the portfolio, preferably on prime locations.

The properties of Vastned Retail Belgium are constantly being valued on the basis of their future contribution to the return. That leads to properties being put up for sale regularly, for a variety of reasons:

- if the property is situated in locations where no more growth is expected or that are less attractive
- if they are standalone properties that are isolated and less wanted by retailers
- if they are not shops but residential real estate.

Vastned Retail Belgium sold in September 2013 a retail park with a total gross commercial space of 2.962 m² located on Provincieweg in Schelle. The retail park comprises two buildings with seven commercial units let to Fabrimode, Kruidvat, Electro AV, Piocheur, Depot +, Zeeman and Iguana Wana.

Furthermore, the property investment fund also sold four small commercial buildings located in Scherpenheuvel, Sint-Job-in-'t-Goor, Merksem and Diest for a total surface area of 1.865 m².

The total sales price of these five properties amounts to € 6,8 million (after deduction of the sales costs). This sales price is approximately 7 % above the carrying amount which amounts to € 6,3 million (fair value as determined by the independent property expert of the property investment fund on 31 December 2012). This fair value represents approximately 2 % of the total fair value of the investment properties of the property investment fund on 31 December 2012.

The total annual rental income of the sold retail park and the four commercial buildings amounts to € 0,5 million or approximately 2 % of the total annual rental income of the property investment fund.

The acquisition of Steenstraat 38 in Bruges and the sale of the retail park in Schelle and of four small commercial buildings are in line with the strategic aim to bring the share of inner-city shops on prime locations to 65 % of the total portfolio. After these transactions 58 % of the portfolio consists of inner-city shops.

Schelle
2.962 m²

Pearle Opticiens
Antwerp
193 m²

Lettings

During financial year 2013, a total of 8 lease contracts have been signed with new tenants for an average rental increase of 2 % over the previous rent. There also have been 13 rental renewals concluded with existing tenants for an average rental increase of 9 %. The result is an overall rental increase of 5 % for these rental transactions, which account for roughly 9 % of the total rental income of the portfolio. These transactions either have gone into effect in 2013 or will do so in 2014.

Yields of retail warehouses as well as those of inner-city properties have been adjusted upwards slightly by these trends on the market of commercial real estate. For retail warehouses and shopping centres, the average yield in the portfolio of the property investment fund was 7,3 % on 31 December 2013 (6,9 % on 31 December 2012), and for inner-city shops, this was 5,6 % (5,4 % on 31 December 2012).

The most important value increase in the real estate portfolio of the property investment fund has been realised in the inner-city of Namur in the commercial complex Jardin d'Harscamp through the merge of several units. Club modernized its shop in the first quarter of 2013 and took the opportunity to expand it from 317 m² to 478 m². In the second quarter of 2013, Belgian fashion label Mayerline opened its new shop of 254 m² in the centre. For both lettings the rental level has increased by approximately 45 % compared to earlier prevailing rental conditions for the same space. Herewith the fair value of the gallery has increased by 22 % in 2013. Upon acquisition of this inner-city gallery by Vastned Retail Belgium at the end of 2011, 38 % of the leasable space was vacant. Currently only one smaller unit of 101 m² is un-let (4 % of the total leasable space).

In the third quarter of 2013 Vastned Retail Belgium succeeded in realising two significant rental transactions in absolute prime locations in Brussels and Antwerp. In Brussels on avenue Louise 7 a lease contract (approximately 245 m²) was concluded with ICI Paris XL. On Leysstraat 28-30 in Antwerp a lease contract (approximately 245 m²) was concluded with Pearl Opticiens.

Mayerline
Namur
264 m²

Julianus Shopping in Tongeren

In 2013, several tenants have terminated the lease contract in Julianus Shopping in Tongeren. The occupancy rate of the shopping centre amounts to 91 % on 31 December 2013. Except in case of re-letting of these vacant spaces, the occupancy rate will drop considerably in 2014. In 2013 the fair value of the shopping centre has further declined because of this decreasing occupancy rate, but also owing to a lower rental value and a higher yield. The decreasing occupancy rate is related to the large supply of shops in adjacent towns.

The commercial centre is nevertheless attractive, also due to the presence of a large underground car park and its central location linked with the Maastrichterstraat. Vastned Retail Belgium aims to give the shops around the inner court of Julianus Shopping a more local function related to the adjacent Eburon hotel. Furthermore priority is given to find a strong retailer in order to rebuild the confidence of the retail market in the shopping centre.

Evolution of the increase in fair value of the real estate portfolio

In 2013, the fair value of the real estate portfolio evolves from € 359 million to € 362 million. This increase can be detailed as follows (in million €):

Fair value of the portfolio at 1 January 2013	**359**
acquisitions of investment properties	12
disposals of investment properties	- 6
investments of the existing portfolio	0
unrealised capital gains	7
unrealised capital losses	- 10
Fair value of the portfolio at 31 December 2013	**362**

Julianus Shopping Tongeren
8.459 m²

Financial results[2]

Income statement

in thousands €	2013	2012
Rental income	21.743	22.245
Rental-related expenses	-72	-133
Property management costs and income	37	19
Property result	**21.708**	**22.131**
Property charges	-2.276	-2.605
General costs and other operating income and costs	-989	-989
Operating result before result on portfolio	**18.443**	**18.537**
Result on disposals of investment properties	273	918
Changes in fair value of investment properties	-3.030	6.406
Other result on portfolio	-154	91
Operating result	**15.532**	**25.952**
Financial result (excl. changes in fair value - IAS 39)	-4.891	-5.166
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	1.586	-2.090
Taxes	-33	-32
NET RESULT	**12.194**	**18.664**
Note:		
Operating distributable result[3]	13.448	13.290
Result on portfolio	-2.911	7.415
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	1.657	-2.041

Result per share	2013	2012
Number of shares entitled to dividend	5.078.525	5.078.525
Weighted average number of shares	5.078.525	5.078.525
Net result (€)	2,40	3,68
Gross dividend (€)	2,65	2,62
Net dividend (€)	1,9875	1,9650

Rental income of Vastned Retail Belgium decreases in 2013 by 2 % through the divestment of some non-strategic buildings in the portfolio.

Rental income of Vastned Retail Belgium amounts in financial year 2013 to € 21,7 million (€ 22,2 million). This decrease of € 0,5 million or 2 % results mainly from the sale of approximately 3 % of the real estate portfolio in December 2012 (3 peripheral retail warehouses in Hasselt, Beaumont and Mons and a retail park in Andenne) and further from the sale of a retail

2. Comparative figures for the financial year 2012 between brackets.

3. For the calculation of the operating distributable result: see note 13 of the financial report.

park and four commercial properties during financial year 2013, representing once again approximately 2 % of the real estate portfolio. The decrease in rental income through these divestments is partly compensated by the acquisition of a premium high street shop in Bruges in the third quarter of 2013 as well as indexations and rental renewals of lease contracts in the existing real estate portfolio.

Property charges of the property investment fund which amount to € 2,3 million, have decreased by € 0,3 million in 2013 compared to previous financial year (€ 2,6 million), mainly through lower maintenance and repair costs.

General costs and other operating costs and income amount to € 1,0 million in 2013 and remain at the same level as previous year (€ 1,0 million).

Through the decrease in rental income, partly compensated by the decrease of property charges, the operating result before result on portfolio decreases in 2013 by only € 0,1 million to € 18,4 million (€ 18,5 million).

The operating margin of Vastned Retail Belgium is 85 % for financial year 2013 (83 % in 2012).

The result on disposals of investment properties amounts to € 0,3 million (€ 0,9 million) and comprises mainly the gain which has been realised on the sale of a retail park in Schelle and four commercial properties, located in Sint-Job-in-'t-Goor, Scherpenheuvel, Merksem and Diest, with a total fair value of € 6,3 million (on 31 December 2012).

The changes in fair value of investment properties for financial year 2013 are negative and amount to - € 3,0 million (€ 6,4 million). This effect comes mainly from the decrease in fair value of Julianus Shopping in Tongeren and the write-off of 2,5 % transaction costs for the acquisition of the building located on Steenstraat 38 in Bruges.

The financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounts for financial year 2013 to - € 4,9 million (- € 5,2 million). On an annual basis the average credit facility withdrawal of the property investment fund has decreased by approximately € 9 million in 2013 compared to 2012 through the realised divestments of investment properties in December 2012 and in 2013. Through this lower credit facility withdrawal and because of new interest rate swaps at lower interest rates, the financing costs of the property investment fund have decreased by € 0,3 million in 2013.

Changes in fair value of financial assets and liabilities(ineffective hedges - IAS 39) in 2013 include the decrease 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 € 1,6 million (- € 2,1 million). This revaluation results from the increase of the interest rates on the financial market.

For financial year 2013, the average interest rate of the withdrawn credit facilities of the property investment fund amounts to 4,0 % including bank margins (4,0 % in 2012).

The net result of Vastned Retail Belgium amounts to € 12,2 million (€ 18,7 million) for financial year 2013 and can be divided in:

- the operating distributable result of € 13,4 million compared to € 13,3 million in 2012. This increase of € 0,1 million results mainly from lower property charges and the reduction of financing costs, partly compensated by lower rental income due the divestment of some non-strategic buildings.
- the result on portfolio of - € 2,9 million (€ 7,4 million), mainly through the result on disposals of investment properties and the changes in fair value of investment properties through the decrease in fair value of Julianus Shopping in Tongeren and the write-off of 2,5 % transaction costs for the acquisition of the building located on Steenstraat 38 in Bruges.
- changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements for an amount of € 1,7 million (- € 2,0 million).

For financial year 2013, the operating distributable result of Vastned Retail Belgium increases thus to € 13,4 million (€ 13,3 million). With 5.078.525 shares being issued, this represents a gross dividend of € 2,65 per share for financial year 2013 compared to € 2,62 in 2012. Herewith the gross dividend yield amounts to 5 % based on the share price on 31 December 2013.

Balance sheet

in thousands €	31.12.2013	31.12.2012
ASSETS		
Non-current assets	362.265	359.792
Current assets	2.768	3.142
Total assets	**365.033**	**362.934**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**235.467**	**235.080**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	121.877	115.020
Net result of the financial year	12.194	18.664
Liabilities	**129.566**	**127.854**
Non-current liabilities	116.965	94.648
Current liabilities	12.601	33.206
Total shareholders' equity and liabilities	**365.033**	**362.934**

Balance sheet data per share	31.12.2013	31.12.2012
Number of shares entitled to dividend	5.078.525	5.078.525
Net asset value (fair value) (€)	46,37	46,29
Net asset value (investment value) (€)	48,13	48,07
Net asset value EPRA[4] (€)	47,08	47,61
NNNNet asset value EPRA[4] (€)	46,31	46,22
Share price on closing date (€)	52,40	47,60
Premium to net asset value (fair value) (%)	13 %	3 %
Debt ratio (max. 65 %)	34 %	33 %

Assets

On 31 December 2013, the fair value of the investment properties of Vastned Retail Belgium amounts to € 362 million (€ 359 million). This increase of € 3 million compared to 31 December 2012 comes mainly from:

- the investment in an inner-city shop in Bruges with a fair value of approximately € 11,5 million
- the sale of a retail park in Schelle and four commercial buildings with a total fair value of € 6,3 million on 31 December 2012
- a decrease in value of the real estate portfolio of € 3,0 million through the decrease in fair value of Julianus Shopping in Tongeren.

On 31 December 2013, the fair value of the real estate portfolio amounts to € 362 million.

4 Financial performance indicator calculated according to Best Practices Recommandations of EPRA (European Public Real Estate Assocation). See also www.epra.com. These data are not required by regulation regarding property investment funds and are not subject to a control by government authorities.

On 31 December 2013, the investment properties are valued at € 371 million (investment value) by the independent property experts. The fair value is the investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future potential disposal.

Current assets amount to € 3 million (€ 3 million) and consist mainly of € 2 million of cash and cash equivalents.

Thanks to a strict credit control the number of days of outstanding customers' credit is only 2 days.

Liabilities

Shareholders' equity of the property investment fund amounts to € 235 million (€ 235 million). The share capital (€ 97 million) and the share premium (€ 4 million) remain unchanged compared to previous year. The number of shares entitled to dividend amounts to 5.078.525 on 31 December 2013.

The reserves of the company amount to € 121 million (€ 115 million) and consist mainly of:

- reserve for the balance of the changes in fair value of real estate properties for € 126 million (€ 119 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 135 million (€ 128 million), and a reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties. Indeed, in accordance with the Beama interpretation of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006), the real estate portfolio is valued at fair value. The difference with the investment value is shown separately in shareholders' equity. On 31 December 2013, this difference amounts to - € 9 million (- € 9 million).
- a reserve for the balance of the changes in fair value of allowed hedging instruments that:
  - are subject to hedge accounting for an amount of - € 1 million (- € 2 million)
  - are not subject to hedge accounting for an amount of - € 5 million (- € 3 million)
- results carried forward from previous financial years for € 1 million (€ 1 million), available for distribution.

On 31 December 2013, the net asset value (fair value) of the share is € 46,37 (€ 46,29). Given that the share price on 31 December 2013 is € 52,40, the share of Vastned Retail Belgium is quoted with a premium of approximately 13 % compared to this net asset value (fair value).

Compared to 2012, non-current liabilities increase to € 117 million (€ 95 million) and consist mainly of € 114 million long-term bank financings as well as the negative market value of € 3 million of non-current hedging instruments. The increase results mainly from the long-term refinancing of credit facilities which had become short-term on 31 December 2012 as well as from the financing of the acquisition of the premium high street shop in Bruges.

Current liabilities amount to € 13 million (€ 33 million) and consist mainly of € 8 million (€ 27 million) current financial debts (short-term financings progressing each time). The decrease of € 19 million is due mainly to the realised refinancing into long-term credit facilities and the divestment of some non-strategic buildings. Further, the current liabilities consist of € 1 million in negative market value of current hedging instruments, of € 3 million in trade debts and other current debts and of € 1 million in deferred charges and accrued income.

A relatively low debt ratio of 34 % on 31 December 2013 (33 % on 31 December 2012) and financings with well-spread expiry dates offer Vastned Retail Belgium a stable balance-sheet position.

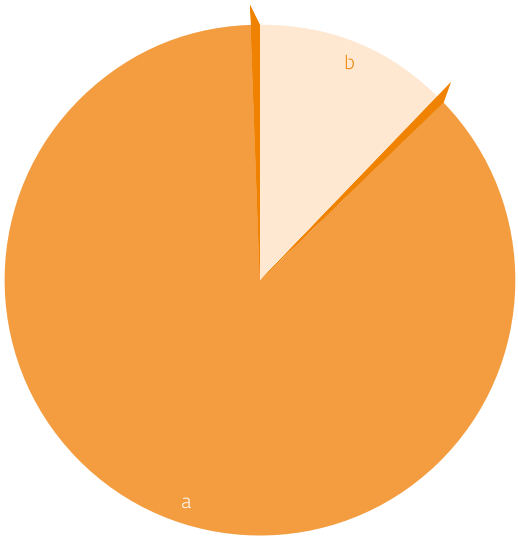
Financial structure

On 31 December 2013, Vastned Retail Belgium has a conservative financial structure allowing it to continue to carry out its activities in 2014.

The most important characteristics of the financial structure on 31 December 2013 are:

- amount of financial debts: € 122 million
- 87 % of the credit lines are long-term financings with an average remaining duration of 2,8 years
- well-spread expiry dates of credit facilities between 2015 and 2018
- spread of credit facilities over 5 European financial institutions
- € 15 million of available non-withdrawn credit lines
- 74 % of the withdrawn credit facilities have a fixed interest rate or are fixed through interest rate swaps, 26 % have a variable interest rate
- fixed interest rates are fixed for a remaining period of 3,3 years in average
- average interest rate for 2013: 4,0 % including bank margins (2012: 4,0 %)
- market value of financial derivatives: € 3,6 million in negative
- limited debt ratio of 34 % (legal maximum: 65 %) (33 % on 31 December 2012)

Balance between long-term and short-term financings



a ● 87 % Long-term credit facilities
b ● 13 % Short-term credit facilities with unlimited duration

On 31 December 2013, 87 % of the available credit lines of Vastned Retail Belgium are long-term financings. 13 % of the credit lines are short-term financings with an unlimited duration (€ 17,4 million).

87 % of the credit lines are long-term financings with well spread expiry dates.

Available credit lines

On 31 December 2013, the property investment fund still has € 15 million (2012: € 21 million) of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for payment of the dividend of financial year 2013.

Duration and spread of expiry dates of long-term financings

On 31 December 2013, the weigthed average duration of the long-term financings is 2,8 years. The strategy of Vastned Retail Belgium is to maintain this average duration between 3,5 and 5 years, but it is possible to deviate from that principle when specific market circumstances require it.

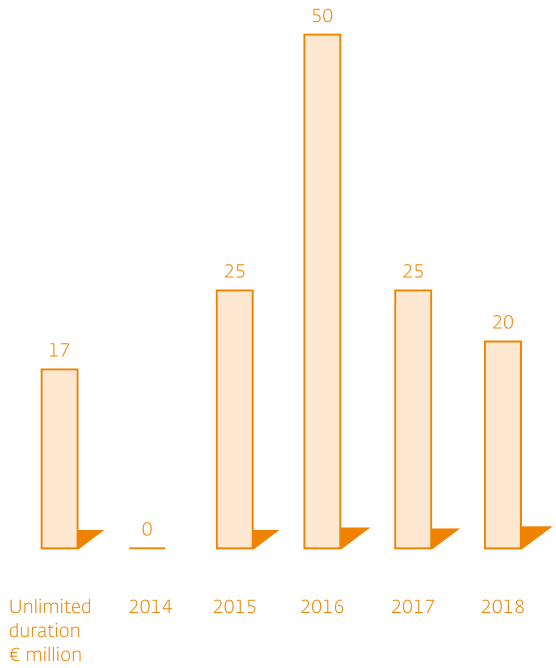
In financial year 2014 Vastned Retail Belgium does not need to carry out any refinancing of its credit facilities. The next credit facility expires at the end of March 2015.

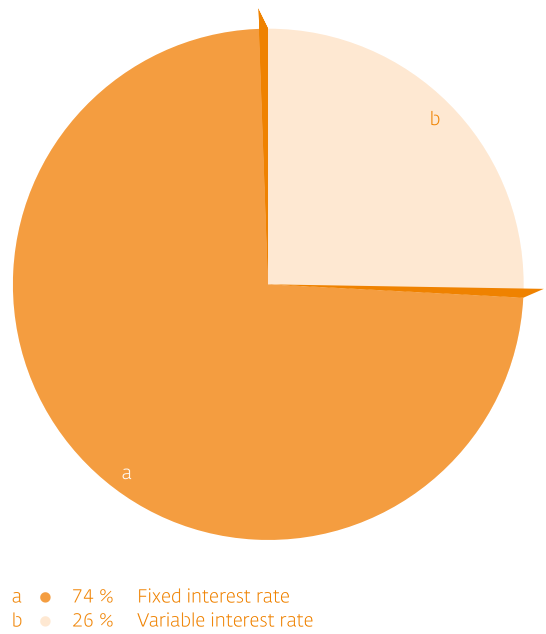
Moreover, the credit facilities portfolio of Vastned Retail Belgium is spread over 5 European financial institutions.

Percentage credit facilities with fixed and variable interest rate

When composing the loan portfolio, the strategy of Vastned Retail Belgium consists of achieving a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. On 31 December 2013, 66 % of the credit lines of the property investment fund consist of financing with a fixed interest or fixed by interest rate swaps. 34 % are credit facilities with a variable interest rate.

Of the withdrawn credit facilities on 31 December 2013, 74 % have a fixed interest rate or are fixed by interest rate swaps. 26 % have a variable interest rate which is beneficial due to the current low interest rate levels.





The weighted average duration of long-term credit facilities amounts to 2,8 years on 31 December 2013.

74 % of the withdrawn credit facilities have a fixed interest rate or are hedged by financial derivatives.

Duration of fixed interest rates

For the protection of its operating results against future interest rate fluctuations, Vastned Retail Belgium covers partially the interest rate fluctuations with interest rate swaps.

In the fourth quarter of 2013 the property investment fund has purchased an interest rate swap for a notional amount of € 10 million with a duration of 4 years. This interest rate cover has been realised at 0,79 % which is substantially lower than the interest rate swap which expired.

On 31 December 2013 the property investment fund has a notional amount of € 80 million active interest rate swaps at a weighted average interest rate of 2,44 %. Furthermore, the property investment fund has one credit facility of € 10 million with a fixed interest rate of 3,40 %. Through these interest rate covers the interest rate for 66 % of credit lines is fixed on 31 December 2013 for a remaining period of 3,3 years.

Average interest rates

The interest rate policy of Vastned Retail Belgium always consists in concluding one-third of its credit facilities with a variable interest rate. In 2013, the total average interest rate of the financial debts of the property investment fund amounts to 4,0 %, including bank margins (2012: 4,0 %).
For 2013, the average interest rate for the non-current financial debts amounts to 4,6 % (2012: 4,6 %).
For 2013, the average interest rate for the current financial debts amounts to 1,5 % (2012: 2,4 %).

Refinancing realised in 2013

During the first quarter of 2013 Vastned Retail Belgium has prolonged a financing for an amount of € 10 million for a duration of 4,5 years of a credit facility which expired on 15 April 2013.

During the third quarter of 2013 the property investment fund has prolonged a financing of € 15 million for a duration of 4 years of a credit facility which expired on 1 January 2014.

The existing credit facilities have been refinanced at the same financial institutions at market rates. Herewith the property investment fund has carried out all its financings for financial year 2014.

Interest rate sensitivity

For financial year 2013 the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1 % gives a negative result of approximately € 0,4 million (2012: € 0,4 million). The concluded financial derivatives are taken into account for this calculation. Given the currently low market rate a hypothetical decrease of interest rates by 1 % is not realistic.

Interest cover ratio

The interest cover ratio is the ratio between the operating result before result on portfolio and the financial result (excluding the revaluation of financial derivatives in accordance with IAS 39). For Vastned Retail Belgium, this ratio amounts to 3,8 for financial year 2013 (3,6 for financial year 2012), which is significantly better than the requirements agreed in the financing agreements of the property investment fund as a covenant.

Debt ratio

On 31 December 2013, the debt ratio of the property investment fund amounts to 34 % and has increased by 1 % compared to 31 December 2012 (33 %) as a result of investments and divestments in investment properties in 2013.

The property investment fund has a limited debt ratio of 34 %.

Profit distribution 2013

The board of directors proposes to distribute the result for financial year 2013 of Vastned Retail Belgium sa, as follows:

in thousands €	31.12.2013
Net result for financial year 2013[5]	12.194
○ Transfer from the reserves for the balance of changes in fair value[6] of investment properties	
• Financial year	2.895
• Realisation real estate properties	-115
○ Transfer from the reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	63
○ Transfer to the reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	-1.586
○ Transfer to other reserves	-3
○ Transfer from results carried forward from previous financial years	10
Remuneration of capital	**13.458**

At the general meeting of shareholders on 30 April 2014, it shall be proposed that a gross dividend of € 2,65 per share will be distributed.

This represents a net dividend[7] of € 1,9875 after deduction of 25 % withholding tax.

Taking into account 5.078.525 shares that will participate in the full result for the financial year, this means that a dividend of € 13.458.091 is available for distribution.

The dividend is higher than the required minimum of 80 % of the operating distributable result as Vastned Retail Belgium, in accordance with its policy, will also distribute 100 % of the operating distributable result for 2013.

The dividend will be payable as from 9 May 2014. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 14.

5 As legally speaking only the operating distributable profit of the statutory annual accounts can be distributed and not of the consolidated annual accounts, the present profit distribution is based on the statutory figures (see note 13 of the financial report).

6 Based on the changes in the investment value of investment properties.

7 The withholding tax on dividends of public property investment funds increased from 15 % to 21 % for taxation year 2012 pursuant to the Act of 28 December 2011 containing miscellaneous provisions. Subsequently pursuant to the Finance Act of 27 December 2012 the withholding tax on dividends of public property investments funds increased as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

EPRA Best Practices

In August 2011 the EPRA's Reporting and Accounting Committee published an update of the report entitled "Best Practices Recommendations (BPR)[8]. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. Vastned Retail Belgium supports the reporting standardisation approach designed to improve the comparability and the quality of information and supplies her investors and other users of the annual report with most of the EPRA recommendations. For this reason Vastned Retail Belgium has chosen to record the key performance indicators in a separate chapter of the annual report. The statutory auditor has checked whether the "EPRA earnings", "EPRA NAV" and "EPRA NNNAV" ratios have been calculated in accordance with the definitions given in the "EPRA Best Practices Recommendations" of August 2011 and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated financial statements.

EPRA Key performance indicators

Table	EPRA indicators	EPRA Definitions[9]		31.12.2013	31.12.2012
1	EPRA Earnings	Recurring earnings from core operational activities	In thousands €	13.365	13.430
			€/share	2,63	2,64
2	EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long term investment property business model	In thousands €	239.115	241.790
			€/share	47,08	47,61
3	EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes	In thousands €	235.186	234.754
			€/share	46,31	46,22
4	(i) EPRA Net Initial Yield (NIY)	Annualised rental income[10] based on the cash rents passing at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property, increased with estimated purchasers' costs		5,2 %	5,3 %
	(ii) EPRA Topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)		5,3 %	5,4 %
5	EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio		4,7 %	2,7 %
6	EPRA Cost Ratio (including direct vacancy costs)	EPRA costs (including direct vacancy costs) divided by Gross Rental Income less ground rent costs		15,8 %	16,7 %
	EPRA Cost Ratio (excluding direct vacancy costs)	EPRA costs (excluding direct vacancy costs) divided by Gross Rental Income less ground rent costs		15,1 %	16,4 %

8 The report is available on the EPRA website: www.epra.com.

9 Source: EPRA Best Practices (www.epra.com).
The definitions are in English, as defined originally by EPRA;

10 The annualised rental income is equivalent to the current rent at the closing date (plus future rent on leases signed as at 31 December 2013 as reviewed by the property experts).

Table: EPRA Earnings

in thousands €	31.12.2013	31.12.2012
Net result	**12.194**	**18.664**
Ajustments to calculate EPRA earnings		
To exclude:		
I. Changes in fair value of investment properties	3.030	-6.406
II. Result on disposal of investment properties	-273	-918
VI. Changes in fair value of financial assets and liabilities	-1.586	2.090
EPRA Earnings	**13.365**	**13.430**
Weighted average number of shares	5.078.525	5.078.525
EPRA Earnings (€/share)	**2,63**	**2,64**

Tony Mertens
Wilrijk
1.167 m²

Tables 2 and 3: EPRA NAV and EPRA NNNAV

in thousands €	31.12.2013	31.12.2012
Net asset value	**235.467**	**235.080**
Net asset value (€/share)	**46,37**	**46,29**
Effect of exercise of options, convertible debts and other equity interests	0	0
Diluted net asset value, after the exercise of options, convertible debts and other equity interests	**235.467**	**235.080**
To exclude:		
IV. Fair value of financial instruments	3.610	6.695
Va. Deferred taxes	38	15
EPRA NAV	**239.115**	**241.790**
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NAV (€/share)	**47,08**	**47,61**
To include:		
I. Fair value of financial instruments	-3.610	-6.695
II. Revaluations at fair value of financings with fixed interest rate	-281	-326
III. Deferred taxes	-38	-15
EPRA NNNAV	**235.186**	**234.754**
Number of shares at the end of the year	5.078.525	5.078.525
EPRA NNNAV (€/share)	**46,31**	**46,22**

Rituals
Antwerp
140 m²

Table 4: EPRA Net Initial Yield (NIY) and EPRA Topped-up NIY

in thousands €	31.12.2013	31.12.2012
Investment properties and properties held for sale	**361.678**	**361.182**
To include:		
Properties held for sale	0	-1.999
Properties available for lease	**361.678**	**359.183**
To include:		
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	9.042	8.979
Investment value of properties available for lease (B)	**370.720**	**368.162**
Annualised gross rental income	21.515	21.578
To exclude:		
Property charges[11]	-2.362	-2.086
Annualised net rental income (A)	**19.153**	**19.492**
Adjustments:		
Rent expiration of rent free periods or other lease incentives	610	254
Annualised 'topped-up' net rental income (C)	**19.763**	**19.746**
(in %)		
EPRA NET INITIAL YIELD (A/B)	**5,2 %**	**5,3 %**
EPRA 'topped-up' NET INITIAL YIELD (C/B)	**5,3 %**	**5,4 %**

Table 5: EPRA Vacancy Rate

Segment	Leasable space (in m²)	Estimated rental value (ERV) on vacant spaces (in thousands €)	Estimated rental value (ERV) (in thousands €)	EPRA vacancy rate (in %) 31.12.2013	EPRA vacancy rate (in %) 31.12.2012
Inner-city shops	33.624	581	11.696	5,0 %	2,1 %
Retail warehouses and shopping centres	113.338	477	10.774	4,4 %	3,3 %
Total properties available for lease	**146.962**	**1.058**	**22.470**	**4,7 %**	**2,7 %**

11 The perimeter of the property charges to be excluded for the calculation are recorded in the EPRA Best Practices and does not correspond with the "Property charges" as presented in the consolidates IFRS accounts.

Table 6: EPRA Cost Ratios

in thousands €	31.12.2013	31.12.2012
General costs	1.066	1.049
Write-downs on trade receivables	84	51
Compensations for building rights and long-lease rights	109	106
Property charges	2.276	2.605
To exclude:		
Compensations for building rights and long-lease rights	-109	-106
EPRA costs (including vacancy costs) (A)	**3.426**	**3.705**
Vacancy costs	-168	-83
EPRA costs (excluding vacancy costs) (B)	**3.258**	**3.622**
Rental income less compensations for building rights and long-lease rights (C)	21.634	22.139
(in %)		
EPRA Cost Ratio (including vacancy costs) (A/C)	**15,8 %**	**16,7 %**
EPRA Cost Ratio (excluding vacancy costs) (B/C)	**15,1 %**	**16,4 %**

Rooseveltcentre
Vilvorde
8.069 m²

Forecast 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.

It would not be realistic to state growth targets due to the fact that the market for high-quality products is still scarce. Making the shift to prime locations also means accepting a lower yield. Yields on prime locations are currently about 4 %, and sometimes even lower depending on a property's rent potential. Investing at these kinds of yields only makes economic sense if the rent levels offer opportunity for an increase in rent.

Divestments will be made primarily on an opportunistic basis. Real estate brokers and investors know that Vastned Retail Belgium is open to the idea of selling properties insofar as the terms of these sales are favourable for the property investment fund. Divestments are only being considered for less strategic inner-city shops in smaller cities and less strategic retail warehouses or retail parks.

Vastned Retail Belgium tries to balance the volume and the timing of divestments in an effort to maintain the operating result. However, this will not inhibit the property investment fund from pursuing exceptional or high-priority divestment opportunities, with the result being that rental income might be subjected to temporary pressure.

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 as well as investments in the buildings.

The property investment fund is mildly optimistic when it comes to future rental growth, which will come mainly from lease renewals that will be negotiated in 2014 and which will take effect in 2015. A number of prime locations definitely have the potential for sizable rent increases, but there are some cases in which we might have to be content with current rent levels. The rate of inflation will likely remain low.

Over the course of financial year 2013, interest rate swaps that Vastned Retail Belgium had already purchased in 2011 have gradually taken effect for a notional amount of € 45 million. The property investment fund also purchased another interest rate swap in the fourth quarter of 2013 for a notional amount of € 10 million with a duration of 4 years at 0,79 %.

The average rate of interest on these interest rate hedges that started in 2013 is 2,2 %, which is substantially lower than the average interest rate on the previous interest rate hedges, which was 3,8 %. Assuming a constant market rate, these new interest rate swaps will lower the property investment fund's financing costs in the future.

Avance
Ghent
265 m²

Report on the share

H&M
Leuven
1.410 m²

Stock market information

The share of Vastned Retail Belgium (VASTB) is listed on NYSE Euronext Brussels and is included in the stock market indexes BEL Real Estate and GPR 250 Europe.

VASTB LISTED EURONEXT

Share price evolution

Share price 2013

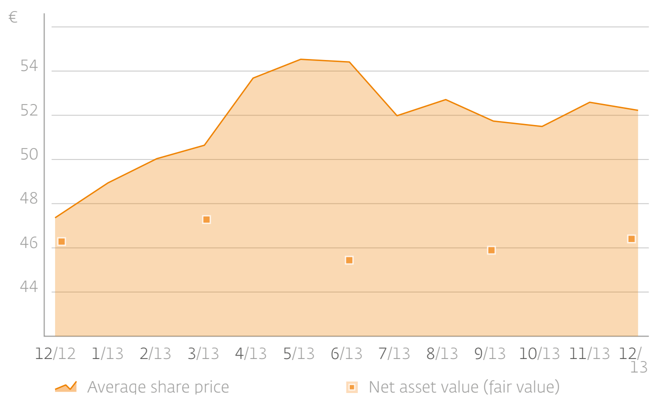
The share price of Vastned Retail Belgium has increased from € 47,60 on 31 December 2012 to € 52,40 on 31 December 2013 or an increase by approximately 10 %. The lowest closing share price reaches € 47,37 (10 January 2013) and the highest closing share price € 57,69 (12 April 2013).

The average share price of financial year 2013 amounts to € 52,06 compared to € 47,72 for financial year 2012.

Share price evolution 2009-2013

During the last 5 years (2009-2013) the share price of the Vastned Retail Belgium share has increased gradually from € 28,50 on 1 January 2009 to € 52,40 on 31 December 2013 or an increase of approximately 84 %.

Premium Vastned Retail Belgium

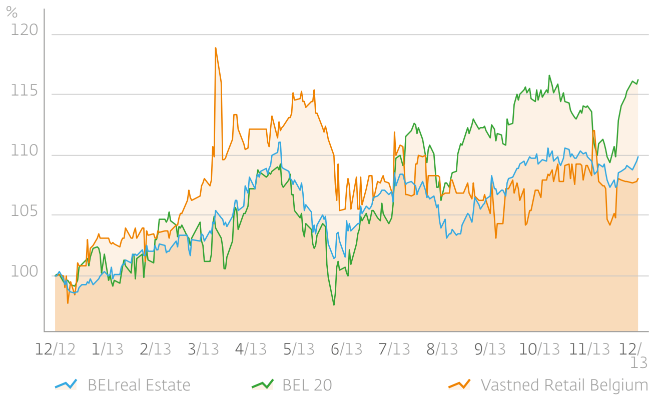


During 2013, the share of Vastned Retail Belgium is quoted with a premium of 13 % in average compared to the net asset value (fair value).

The net asset value of Vastned Retail Belgium includes the 2012 dividend up to the payment date on 3 May 2013.

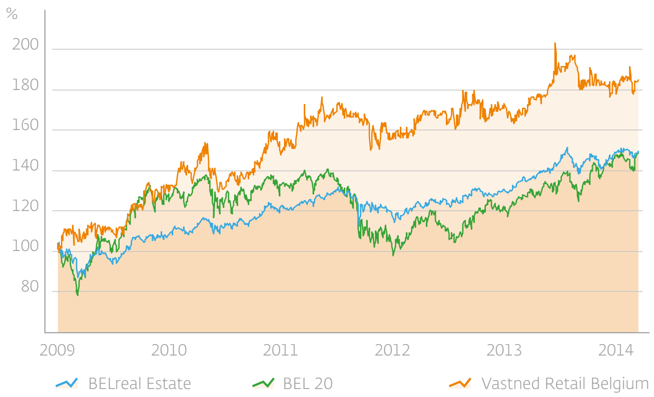
Comparison of Vastned Retail Belgium with Bel Real Estate index and BEL 20 Close index

Comparison 2013



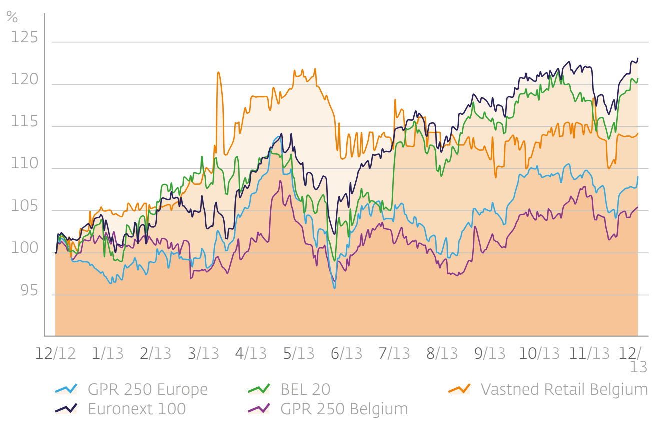
The share of Vastned Retail Belgium has fluctuated during the first three quarters of 2013 along with the BEL 20 and the BEL Real Estate or performed better. In the fourth quarter of 2013 the Vastned Retail Belgium share has performed lesser than the BEL 20 but has fluctuated along with the BEL Real Estate.

Comparison 2009-2013



During the last 5 years (2009-2013) the Vastned Retail Belgium share has performed much better than the BEL 20 and the BEL Real Estate.

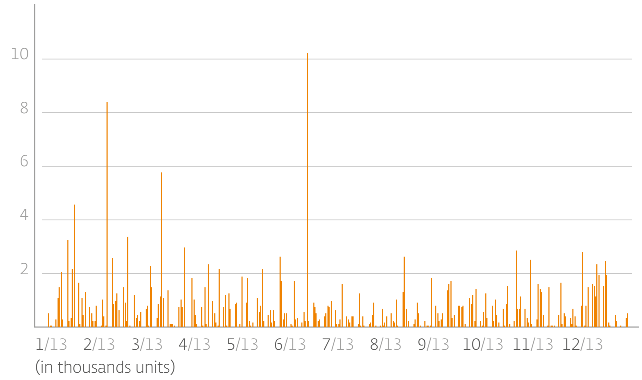
Comparison of Vastned Retail Belgium with GPR indexes



This graph shows that in 2013 Vastned Retail Belgium has performed better than the GPR 250 Belgium index and the GPR 250 Europe index and in the first three quarters of 2013 better than the BEL 20 and the Euronext 100 index.

Additional information on the indexes can be obtained from Euronext Brussels for the Euronext 100 and BEL 20 and from Global Property Research (www.propertyshares.com) regarding the GPR 250 Europe and GPR 250 Belgium.

Traded volumes Vastned Retail Belgium



The traded volumes, with an average of 837 shares per day, are slightly higher than previous year (708 units a day).

A liquidity contract has been concluded with Bank Degroof to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.
At the end of 2013 the free float amounts to 34,5 %.

Dividend and number of shares

	31.12.2013	31.12.2012	31.12.2011
Number of shares at the end of the period	5.078.525	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525

Share price (€)	31.12.2013	31.12.2012	31.12.2011
Highest closing share price	57,69	51,00	50,10
Lowest closing share price	47,37	44,25	42,52
Share price on closing date	52,40	47,60	44,98
Premium to net asset value (fair value) (%)	13 %	3 %	0 %
Average share price	52,06	47,72	46,26

Data per share (€)	31.12.2013	31.12.2012	31.12.2011
Net asset value (fair value)	46,37	46,29	45,04
Net asset value (investment value)	48,13	48,07	46,66
Net asset value EPRA	47,08	47,61	46,06
Gross dividend	2,65	2,62	2,53
Net dividend[12]	1,9875	1,9650	1,9987
Closing price gross dividend yield (%)	5,0 %	5,5 %	5,6 %
Closing price net dividend yield (%)	3,8 %	4,1 %	4,4 %

On 31 December 2013 the share price of Vastned Retail Belgium is € 52,40, offering its shareholders a gross dividend yield of 5 %.

12 The withholding tax on dividends of public property investment funds increased from 15 % to 21 % for taxation year 2012 pursuant to the Act of 28 December 2011 containing miscellaneous provisions. Subsequently pursuant to the Finance Act of 27 December 2012 the withholding tax on dividends of public property investments funds increased as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

Shareholders

On 31 December 2013, the following shareholders are known to the company:

Vastned Retail sa Lichtenauerlaan 130 3062 ME Rotterdam The Netherlands	3.320.529 shares	65,4 %
CFB Belgique sa Uitbreidingstraat 18 2600 Berchem - Antwerp	5.431 shares	0,1 %
Public	1.752.565 shares	34,5 %
Total	**5.078.525 shares**	**100 %**

Pursuant to article 74 of the Public Takeover Act of 1 April 2007, Vastned Retail sa and CFB Belgique sa have informed the FSMA that they act jointly.

Vastned Retail Belgium received a transparency notification on 7 January 2014 from Capfi Delen Asset Management SA, with registered offices at 2020 Antwerp, Jan Van Rijswijcklaan 178. This notification stated that the voting rights relating to the Vastned Retail Belgium shares that are held directly or indirectly by Capfi Delen Asset Management SA as from 7 January 2014 exceed the limit of 3 % of the total of the existing voting rights and amount to 4,13 %.

The complete notification as well as the shareholder structure on 7 January 2014 can be consulted on the website of Vastned Retail Belgium under the heading "Corporate - Corporate Governance - Shareholders' structure and transparency declarations".

Financial calendar

Announcement of annual results as at 31 December 2013:	Tuesday 11 February 2014
General meeting of shareholders:	Wednesday 30 April 2014 at 14.30 pm
Dividend payable:	
Ex dividend date 2013	Tuesday 6 May 2014
Record date dividend 2013	Thursday 8 May 2014
Dividend payment 2013	As from Friday 9 May 2014
Interim statement on the results as at 31 March 2014:	Tuesday 6 May 2014
Half-yearly financial statement as at 30 June 2014:	Tuesday 29 July 2014
Interim statement on the results as at 30 September 2014:	Tuesday 28 October 2014

Property report

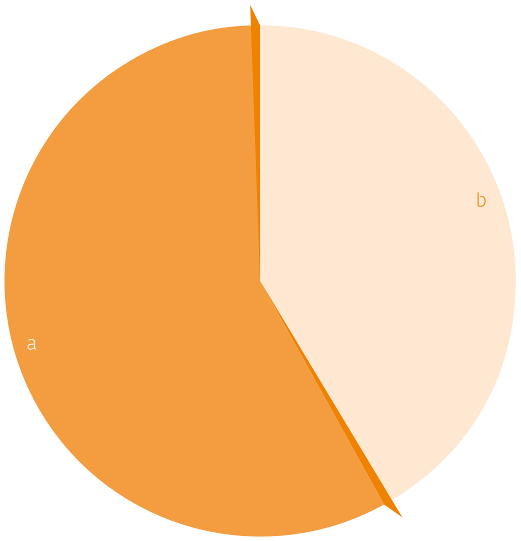
Company
Antwerp
684 m²

Composition of the portfolio[13]

Vastned Retail Belgium invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations and retail warehouses. Shopping centres also represent possible investment opportunities.

Type of retail property

The retail properties consist of 58 % of inner-city shops, and of 42 % retail warehouses and shopping centres.



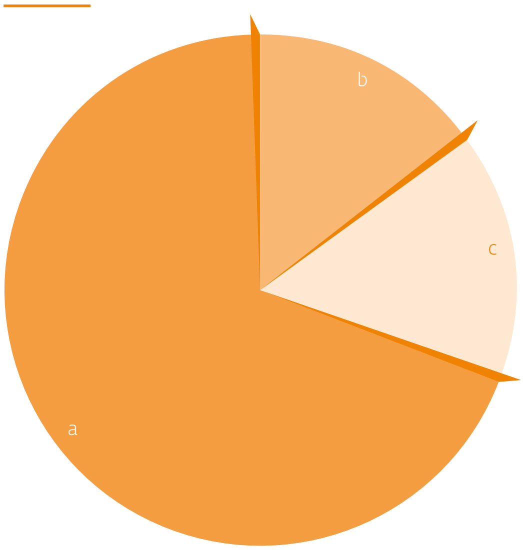
a ● 58 % Inner-city shops
b ● 42 % Retail warehouses and shopping centres

The category inner-city shops contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category. The inner-city shops are particularly desired assets for as well retailers as investors. The shortage of these objects supports in an important measure the development value of these buildings.

For retail warehouses it is primarily the location of the premises alongside major traffic routes as well as the large sales area (from 400 m²). This category includes both standalone buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. Since a few years the retail warehouses undergo a quality development. Especially the retail warehouses form an attraction pool on their own and are not only attractive for discount formula. Since a few years there is an evolution whereby retailers are not only located in the inner-city but also in the periphery.

The costs which are at the expense of the lessor are rather limited to important maintenance costs to the structure of the building or important repairs or replacements of roofs. Rental expenses (such as property tax and costs for shared areas) are mostly paid by the tenant.

Geographic spread

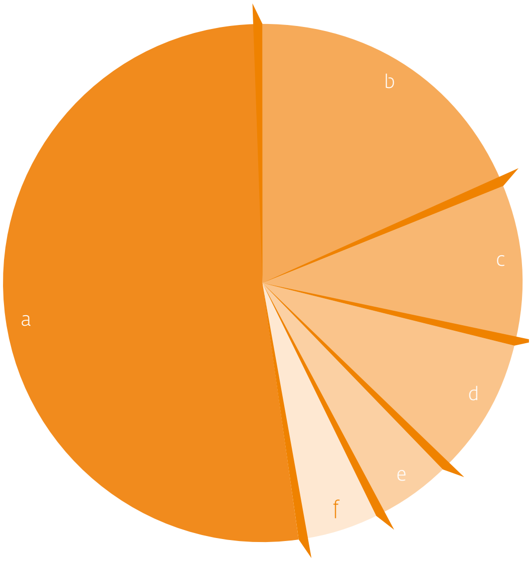


a ● 69 % Flanders
b ● 16 % Walloon region
c ● 15 % Brussels

The stores are spread throughout Belgium, with a good repartition across the various regions.

(13) Above charts in this report have been compiled based on the annual rental income of 2013 and the value of the real estate properties on 31 December 2013.

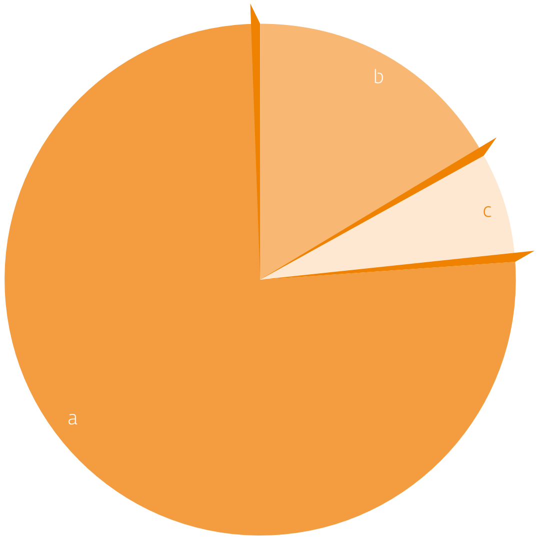
Sector of tenants



a ● 52 % Chloting, shoes and accessories
b ● 19 % Domestic articles, interior and do-it-yourself
c ● 11 % Leisure, Luxury articles and personal care
d ● 8 % Specialised food shops and department stores
e ● 5 % TV, hifi, electrical articles, multimedia and telephone
f ● 5 % Other

The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.

Region of activity of tenants[14]



a ● 76 % International
b ● 17 % National
c ● 7 % Local

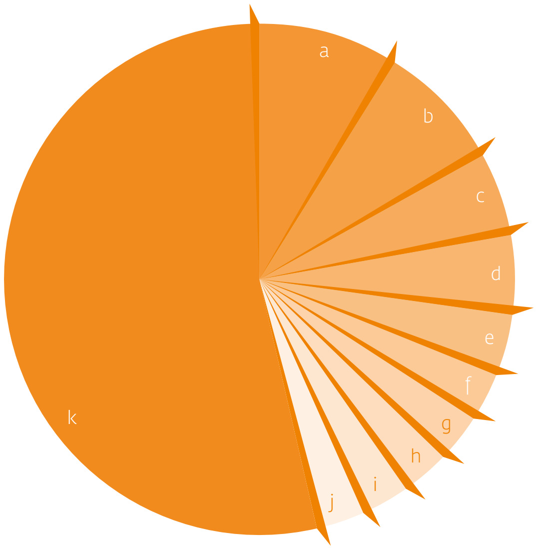
The major share of tenants are international chains, which is beneficial to the stability and continuity of portfolio.

Most of the retail properties have been let on traditional lease contracts to users who are widely distributed across all sectors of the retail trade. Since most of these premises are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment in the interior of the property, which is beneficial to the stability and continuity of the rental income.

All of these factors result in a high occupancy rate of the portfolio (95,4 %).

(14) A national chain has to have at least five points of sale, an international chain must have at least five points of sale in at least two countries.

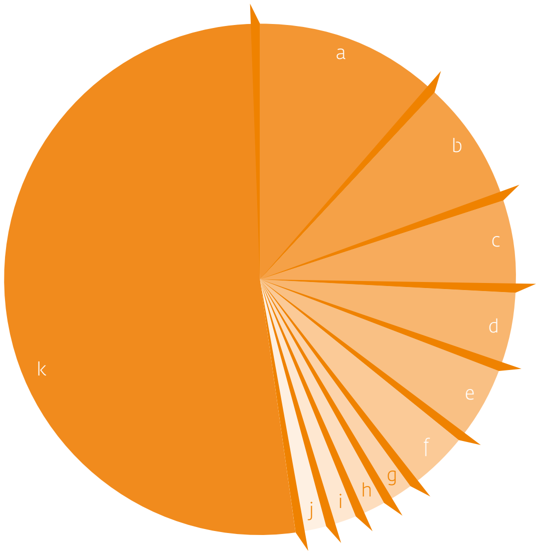
Risk spread among buildings



a	●	9 %	Tielt-Winge - Aarschotsesteenweg 1/6
b	●	8 %	Brussels - Chée d'Ixelles 41/43
c	●	5 %	Bruges- Steenstraat 80
d	●	5 %	Antwerp - Leysstraat 28/32
e	●	4 %	Namur - Jardin d'Harscamp
f	●	3 %	Louvain - Bontgenotenlaan 69/73
g	●	3 %	Malines - Bruul 42/44
h	●	3 %	Bruges - Steenstraat 38
i	●	3 %	Wilrijk - Boomsesteenweg 666/672
j	●	3 %	Ghent - Veldstraat 81
k	●	53 %	Other buildings

Through the spread of tenants over a large number of buildings on different locations, the risk of retail centres evolving less favourably and its effect on changes in rental prices is extremely limited. On 31 December 2013 the portfolio is made up of 245 leasable units, spread over 86 different locations.

Risk spread among tenants



a	●	12 %	Hennes & Mauritz
b	●	8 %	Inditex
c	●	6 %	Aldi
d	●	5 %	Ariane
e	●	5 %	Euro Shoe Group
f	●	4 %	AS Watson
g	●	2 %	Giorgio Armani Retail
h	●	2 %	Blokker Group
i	●	2 %	Maxeda
j	●	2 %	Intergamma
k	●	52 %	Other

Rental income of Vastned Retail Belgium is spread over 149 different tenants, limiting debtor's risk and improving stability of rental income. The ten most important tenants represent 48 % of rental income and are always prominent companies in their sector and part of international groups.

The Top 10 of tenants generates 48 % of rental income.

Gouden Kruispunt
Tielt-Winge
19.096 m²

Overview of the portfolio

31 December 2013

	Space (m²)	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighting (%)
Investment properties					
Brussels	11.074	3.066	54.524	53.194	15 %
Flanders	106.802	15.866	256.740	250.478	69 %
Walloon region	29.086	4.251	59.456	58.006	16 %
Total investment properties	**146.962**	**23.183**	**370.720**	**361.678**	**100 %**

On 31 December 2013 the real estate portfolio has an occupancy rate of 95,4 %.

Massimo Dutti
Antwerp
583 m²

Evolution of the portfolio

	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Investment value investment properties (€ 000)	370.720	368.162	371.268	337.371	332.446
Current rents (€ 000)	22.125	21.832	21.942	21.392	21.036
Yield (%)	6,0 %	5,9 %	5,9 %	6,3 %	6,3 %
Current rents, including estimated rental value on vacancy (€ 000)	23.183	22.442	22.724	21.656	21.221
Yield if fully let (%)	6,3 %	6,1 %	6,1 %	6,4 %	6,4 %
Total leasable space of investment properties (m²)	146.962	151.041	161.573	159.581	159.633
Occupancy rate (%)	95,4 %	97,3 %	96,6 %	98,8 %	99,1 %

Yields of retail warehouses as well as those of inner-city properties have been adjusted upwards slightly by these trends. For retail warehouses and shopping centres, the average yield in the portfolio of the property investment fund was 7,3 % on 31 December 2013 (6,9 % on 31 December 2012), and for inner-city shops, this was 5,6 % (5,4 % on 31 December 2012).

Sensitivity analysis

In case of a hypothetical negative adjustment of the yield the property experts use for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) with 1 % (from 6,0 % to 7,0 % in average), the investment value of the real estate portfolio would decrease by € 53 million or 14 %. Herewith the debt ratio of the property investment fund would increase by 6 % to 40 %.

In the opposite case of a hypothetical positive adjustment of this yield with 1 % (from 6,0 % to 5,0 % in average), the investment value of the real estate would increase by € 75 million or 20 %. Herewith the debt ratio of the property investment fund would decrease by 6 % to 28 %.

Slaets
Antwerp
54 m²

Valuation of the portfolio by property experts

All the commercial properties of Vastned Retail Belgium are valued by Cushman & Wakefield or CB Richard Ellis. Julianus Shopping in Tongres is valued by de Crombrugghe & Partners.

H&M
Bruges
1.998 m²

Cushman & Wakefield

The Cushman & Wakefield methodology is based on the ERV (Estimated Rental Value) or Estimated Rental Value with adjustments that take into account the current rent paid and/or any other element that influences the value, e.g. costs of vacancy.

They base their determination of the market rental value on their knowledge of the real estate market and on recent transactions concluded by the Retail department. The rental value is influenced, inter alia, by:

- location
- suitability of the site
- qualities of the building
- market circumstances

The allocated unit price is multiplied by the surface area of the commercial building in order to reach a total estimated rental value.

For the inner-city shops, the “zone A” principle is used. The first step involves calculating the first 10 metres depth over the full façade width of the premises at 100 % of the estimated rent/m², the next 10 metres at 50 % and the rest at 25 %. Storeys are charged at 25 % or at a fixed estimated amount depending on location and usability.

Next, the Adjusted ERV is calculated: this is 60 % of the difference between the current rent and the ERV. If the current rent is higher than the ERV, the Adjusted ERV is equal to the ERV and the 60 % rule doesn’t apply.

A following step consists of determining a yield or capitalisation rate at which an investor would be prepared to buy the premises. The gross value before corrections is then obtained. Any adjustments (e.g. costs of vacancies) can be made at this point, after which the investment value (value deed in hand) is obtained.

In its report of 31 December 2013, Cushman & Wakefield states that the investment value of the retail portfolio amounts to € 173.152.503.

Gand Zonnestraat
2.701 m²

CB Richard Ellis

The methodology of CB Richard Ellis can be summarised as follows:

Valuation on the basis of the capitalisation of rental income

For each let property, the estimated market rental value (ERV) is determined along with a market-level capitalisation rate (cap rate) based on recent points of comparison and taking into account the results of our inspections on the spot.

If the estimated market value exceeds the current rental value, it is assumed that a rental increase can be obtained at the next rental renewal, which is called 'adjusted ERV'. This adjusted ERV consists of the amount of the current rental income increased by 60 % of the difference between the ERV and the current rental income. After capitalization of the adjusted ERV, the gross market value before adjustments of the property is obtained.

If the estimated market value is lower than the current rental income, the gross market value before corrections is obtained through capitalisation of the estimated rental value (ERV).

The applied corrections on the gross market value consist of:

- deduction from the net current value of the difference between the adjusted ERV and the current rental income for the rest of the current rental period if the estimated market rental value is higher than the current rental income
- increase by the current net value of the difference between the current rental income and the estimated market value for the remaining period of current rents if the estimated market value is lower than the current rental income
- deduction of the rental discount given
- deduction for the necessary expenses to the property
- deduction for the expected vacancy periods.

In its report of 31 December 2013, CB Richard Ellis declares that the fair value of the commercial properties amounts to € 181.657.029.

de Crombrugghe & Partners

When determining the value, different paths of reasoning are followed which actors in the relevant market use for comparing certain sales results. The following analyses proved to be decisive for determining the value:

Method 1: Capitalisation method of the rental value

The market value, taking into account the lease contracts under consideration, is determined in this case by the economic market rental value of the leasable space, capitalised on the basis of a yield that is considered realistic in the present market circumstances. This yield is based on the judgment of the market, the location of the property, and is composed of the following factors:

Market:

- supply and demand of tenants and buyers of comparable properties
- yields trends
- inflation expectations
- current interest rates and interest rate expectation

Location:

- local surroundings
- availability of parking
- infrastructure
- accessibility by private and public transport
- facilities such as public buildings, stores, hotels, restaurants, banks, schools
- development (construction) of comparable real estate

Real estate:

- operating and other charges
- type of construction and level of quality
- state of maintenance
- age
- location and presentation
- current and potential alternative use possibilities

In this method, the potential cash value of the difference of the current rental income and the valued market rental value are normally calculated on the basis of the remaining duration of the lease contracts.

The possible costs for vacancy, such as loss of rent, service charges borne by the landlord, rental costs, publicity and marketing costs related to the letting, as well as the costs for supervision, maintenance and modifications and/or incentives during the leasing process are taken into account.

Method 2: Income approach according to DCF (Discounted Cash Flow) model

This approach makes explicit and subjective assumptions or projections of future cash flow, referral fees, wear, renovations, redevelopments, management and transfer costs, taxes and financial charges. It can be used for calculation of the net current value of this future cash flow or for determining the internal interest rate of an investment at a given value.

Inasmuch as financing conditions are specific to the profile of each investor and its investment policy, in order to be coherent, they have not been not taken into account. As usual in this scenario, cautious assumptions are made with respect to costs and vacancy. This makes it possible to make a real comparison that takes the unique aspects of each individual investment into account. It is therefore far from certain that these costs would have to actually be taken into account for the period indicated.

In its report of 31 December 2013, de Crombrugghe & Partners states that the fair value of the commercial properties amounts to € 6.868.408.

Financial report

H&M
Bruges
1.998 m²

Armani Jeans
528 m²

Pearle Opticiens
193 m²

Antwerp

INDEX

Consolidated income statement

in thousands €	Note	2013	2012
Rental income	4	21.743	22.245
Rental-related expenses	4	-72	-133
NET RENTAL INCOME		**21.671**	**22.112**
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.548	1.459
Rental charges and taxes normally payable by tenants on let properties	4	-1.548	-1.459
Other rental-related income and expenses		37	19
PROPERTY RESULT		**21.708**	**22.131**
Technical costs	5	-460	-837
Commercial costs	5	-215	-229
Charges and taxes on unlet properties	5	-168	-83
Property management costs	5	-1.229	-1.227
Other property charges	5	-204	-229
PROPERTY CHARGES		**-2.276**	**-2.605**
OPERATING PROPERTY RESULT		**19.432**	**19.526**
General costs	6	-1.066	-1.049
Other operating income and costs		77	60
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**18.443**	**18.537**
Result on disposals of investment properties	8	273	918
Changes in fair value of investment properties	9	-3.030	6.406
Other result on portfolio	10	-154	91
OPERATING RESULT		**15.532**	**25.952**
Financial income	11	3	50
Net interest charges	11	-4.883	-5.209
Other financial charges	11	-11	-7
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	1.586	-2.090
FINANCIAL RESULT		**-3.305**	**-7.256**
RESULT BEFORE TAXES		**12.227**	**18.696**
Corporate tax		-33	-32
Taxes	12	**-33**	**-32**
NET RESULT		**12.194**	**18.664**
Note:			
Operating distributable result	13	13.448	13.290
Result on portfolio	8-9-10	-2.911	7.415
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		1.657	-2.041
Attributable to:			
Equity holders of the parent company		12.194	18.664
Minority interests		0	0

RESULT PER SHARE (in €)	Note	2013	2012
Number of shares entitled to dividend	13	5.078.525	5.078.525
Weighted average number of shares	13	5.078.525	5.078.525
Net result	13	2,40	3,68
Diluted net result	13	2,40	3,68
Operating distributable result	13	2,65	2,62

Consolidated statement of comprehensive income

in thousands €	2013	2012
NET RESULT	**12.194**	**18.664**
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	1.499	525
COMPREHENSIVE INCOME	**13.693**	**19.189**
Attributable to:		
Equity holders of the parent company	13.693	19.189
Minority interests	0	0

Consolidated balance sheet

ASSETS (in thousands €)	Note	31.12.2013	31.12.2012
Non-current assets		**362.265**	**359.792**
Intangible assets		7	4
Investment properties	14	361.678	359.183
Other tangible assets	14	560	602
Financial fixed assets	19	17	0
Trade receivables and other non-current assets		3	3
Current assets		**2.768**	**3.142**
Assets held for sale	15	0	1.999
Trade receivables	15	173	245
Tax receivables and other current assets	15	91	161
Cash and cash equivalents		1.860	216
Deferred charges and accrued income		644	521
TOTAL ASSETS		**365.033**	**362.934**

SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands €)	Note	31.12.2013	31.12.2012
Shareholders' equity		**235.467**	**235.080**
Shareholders' equity attributable to the shareholders of the parent company		**235.467**	**235.080**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		121.877	115.020
Net result of the financial year		12.194	18.664
Minority interests	22	**0**	**0**
Liabilities		**129.566**	**127.854**
Non-current liabilities		**116.965**	**94.648**
Non-current financial debts	18	113.712	89.517
Credit institutions		*113.700*	*89.500*
Financial lease		*12*	*17*
Other non-current financial liabilities	19	3.106	4.998
Other non-current liabilities		109	118
Deferred taxes - liabilities		38	15
Current liabilities		**12.601**	**33.206**
Current financial debts	18	8.405	27.399
Credit institutions		*8.400*	*27.394*
Financial lease		*5*	*5*
Other current financial liabilities	19	521	1.697
Trade debts and other current debts	17	2.576	2.971
Other current liabilities	17	175	210
Accrued charges and deferred income	17	924	929
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**365.033**	**362.934**

DEBT RATIO	31.12.2013	31.12.2012
Debt ratio (max. 65 %)	34 %	33 %

NET ASSET VALUE PER SHARE in €	31.12.2013	31.12.2012
Net asset value (fair value)	46,37	46,29
Net asset value (investment value)	48,13	48,07
Net asset value EPRA	47,08	47,61

Statement of consolidated changes in equity

in thousands €	Share capital	Share premium	Reserve for the balance of the changes in fair value of real estate properties	
			Reserve for thebalance of change in investment value of real estate properties	Reserve for the impact on fair value*
Balance at 31 December 2011	**97.213**	**4.183**	**103.308**	**-8.228**
Comprehensive income of 2012				
Transfer through result allocation 2011:				
Transfer from result on portfolio to reserves			24.340	-827
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2011				
Balance at 31 December 2012	**97.213**	**4.183**	**127.648**	**-9.055**
Comprehensive income of 2013				
Transfer through result allocation 2012:				
Transfer from result on portfolio to reserves			7.340	75
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2012				
Balance at 31 December 2013	**97.213**	**4.183**	**134.988**	**-8.980**

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

RESERVES					
Reserve for the balance of changes in fair value of allowed hedging instruments subject to hedge accounting	Reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	Results carried forward from previous financial years	Total reserves	Net result of financial year	Total shareholders' equity
-2.527	**-2.510**	**993**	**91.036**	**36.308**	**228.739**
525			525	18.664	19.189
			23.513	-23.513	0
	-92		-92	92	0
		38	38	-38	0
				-12.849	-12.849
-2.003	**-2.602**	**1.031**	**115.020**	**18.664**	**235.080**
1.499			1.499	12.194	13.693
			7.415	-7.415	0
	-2.090		-2.090	2.090	0
		33	33	-33	0
				-13.306	-13.306
-504	**-4.692**	**1.064**	**121.877**	**12.194**	**235.467**

Consolidated cash flow statement

in thousands €	Note	2013	2012
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**216**	**379**
1. Cash flow from operating activities		**13.334**	**14.223**
Operating result		**15.532**	**25.952**
Interests paid		**-4.937**	**-5.004**
Other non-operating elements		**1.445**	**-2.175**
Adjustment of result for non-cash flow transactions		**1.300**	**-5.130**
Depreciations on intangible and other tangible assets		106	131
Result on disposals of investment properties	8	-273	-918
Spread of rental discounts and benefits granted to tenants	10	-131	64
Changes in fair value of investment properties	9	3.030	-6.406
Other result on portfolio	10	154	-91
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	-1.586	2.090
Change in working capital		**-6**	**580**
Movement of assets			
Trade receivables and other non-current assets		0	16
Trade receivables	15	72	30
Tax receivables and other current assets	15	70	57
Deferred charges and accrued income		-42	366
Movement of liabilities			
Trade debts and other current debts		-219	176
Other current liabilities	17	-35	-1
Accrued charges and deferred income		148	-64
2. Cash flow from investment activities		**-3.577**	**8.121**
Acquisitions of intangible and other tangible assets		-66	-562
Acquisition of investment properties	14	-11.670	0
Investments in existing investment properties	14	-204	-1.437
Prepaid investment invoices		-258	-4
Proceeds of disposals of investment properties		8.621	10.124
3. Cash flow from financing activities		**-8.113**	**-22.507**
Repayment of loans	18	-10.000	-29.720
Drawdown of loans	18	15.206	20.000
Repayment of financial lease liabilities	18	-5	-5
Receipts from non-current liabilities as guarantee		-8	67
Dividend paid	13	-13.306	-12.849
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**1.860**	**216**

Notes to the consolidated annual accounts

01 note

Scheme for annual accounts of property investment funds

As a listed property investment fund, Vastned Retail Belgium has prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union. A scheme for the annual accounts of property investment funds is contained in the Royal Decree of 7 December 2010.

The scheme principally means that the result on the portfolio is presented separately in the income statement.

This result on the portfolio includes all movements in the real estate portfolio and consists of:

- realised gains or losses on the disposal of investment properties
- changes in fair value of investment properties as a result of the valuation by property experts, being non-realised increases and/or decreases in value.

The result on the portfolio is not distributed to the shareholders, but transferred to or from the reserves.

02 note

Principles of financial reporting

Statement of conformity

Vastned Retail Belgium is a property investment company having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2013 include the company and its subsidiaries (the "Group"). The annual accounts of Vastned Retail Belgium sa have been prepared and are released for publication by the board of directors on 12 March 2014 and will be submitted for approval to the general meeting of shareholders on 30 April 2014.

The consolidated financial statements have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the Royal Decree of 7 December 2010. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'), as far as applicable to the activities of the Group and effective for financial years as from 1 January 2013.

New and amended standards and interpretations effective in 2013

The IFRS 13 standard - Fair Value Measurement became effective for financial years taking effect on 1 January 2013 or later. This standard has modified the disclosure obligations of the Group as mentioned in note 14 and 19.

The following amended standards by the IASB and published standards and interpretations by the IFRIC became effective for the current financial year, but do not affect the disclosure, notes or financial results of the Group: IAS 27 - Separate Financial Statements (1/1/2013); IAS 28 - Investments in Associates and Joint Ventures (1/1/2013); Amendment IAS 1 - Presentation of Items of Other Comprehensive Income (1/7/2012); Amendments IFRS 7 - Disclosures - Offsetting financial assets and financial liabilities (1/1/2013); Amendment IFRS 1 - Government loans (1/1/2013); Amendment IAS 19 - Employee Benefits (1/1/2013); Improvement of IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 as a result of the annual improvement project 2009-2011 (1/1/2013); IFRIC 20 - Stripping costs in the production phase of a surface mine (1/1/2013).

New or amended standards and interpretations not yet effective in 2013

Following amendments are applicable as of next year or later are not expected to have an impact on the presentation, notes or financial results of the Group:Amendment IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (1/1/2014); Amendment IAS 39 Financial instruments - Novation of Derivatives and Continuation of Hedge Accounting (1/1/2014); IFRS 10 - Consolidated Financial Statements (1/1/2014); IFRS 11 - Joint Arrangements (1/1/2014); IFRS 12 - Disclosures of Involvement with Other Entities (1/1/2014); Amendment IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (1/7/2014); Amendment IAS 32 Offsetting financial assets and financial liabilities (1/1/2014); IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (not earlier than 1/1/2017); Amendment IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities en IAS 27 Separate Financial Statements (1/1/2014); Improvement IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38, IAS 24 as a result of the annual improvement project project 2010 -2012 (1/7/2014); Improvement IFRS 1, IFRS 3, IFRS 13, IAS 40 as a result of the annual improvement project 2011 -2013 (1/7/2014); IFRIC 21 - Levies (1/1/2014).

Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded to the nearest thousand.

The accounting principles are applied consistently and the consolidated accounts are presented before profit distribution.

Consolidation principles

a. Subsidiary companies

A subsidiary company is an entity over which another entity has control (exclusively or jointly). Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. A subsidiary company's annual financial statement is recognised in the consolidated annual financial statement by means of the integrated consolidation methodology from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the subsidiaries have been changed in order to arrive at consistent principles within the Group. The reporting period of the subsidiary coincides with that of the parent company.

b. Eliminated transactions

Any transactions between the Group companies, balances and unrealised profits and losses from transactions between Group companies will be eliminated when the consolidated annual accounts are prepared. The list of subsidiaries is given under note 22.

Business combinations and goodwill

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - Business combinations, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the sum of the acquisition value, the formerly interest in the entity which was not controlled (if applicable) and the recognised minority interest (if applicable) and on the other part the fair value of the acquired net assets. If the difference is negative ("negative goodwill"), it is immediately recognised in the results after confirmation of the values. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and adjusted within the 12 following months.

After initial recognition, the goodwill is not amortised but submitted to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the resulting impairment is recognised in the results and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying amount. An impairment loss recognised on goodwill is not reversed during a subsequent year.

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

When the Group acquires an additional interest in a subsidiary company, formerly already controlled by the Group or when the Group sells a part of the interest in a subsidiary company without losing control, the goodwill, recognised at the moment of the acquisition of control, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

Foreign currencies

Foreign currency transactions are recognised at the exchange rate valid on the transaction date. Monetary assets and liabilities denominated in foreign currency are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from currency transactions and from the conversion of monetary assets and liabilities denominated in foreign are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

Property result

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be recognised if it is probable that the economic benefits will fall to the entity and can be determined with sufficient certainty.

The rental income, the received operational lease payments and the other income and costs are recognised linearly in the income statement in the periods to which they refer.

The compensation paid by tenants for early termination of lease contracts is immediately taken into result in the period in which it is irrevocably obtained.

Property charges and general charges

The costs are valued at the fair value of the compensation that has been paid or is due and are recognised in the income statement for the periods to which they refer.

Result on disposal and changes in fair value of investment properties

The changes in fair value of investment properties are equal to the difference between the actual carrying amount and the previous fair value as estimated by the independent property expert. A comparison is made at least four times a year for the entire portfolio of investment properties. Movements in fair value of the real estate properties are recognised in the income statement in the period in which they arise.

The result from the disposal of investment properties is equal to the difference between the selling price and the carrying amount (i.e. the fair value determined by the property expert at the end of previous financial year) less the selling expenses.

Financial result

The financial result consists of interest charges on loans and additional financing costs, less the income from investments.

Taxes

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, deferred taxes and the exit tax due. The tax expense is recognised in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are recognised as a charge against equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the end of the period are used.

Withholding taxes on dividends are recognised in equity as part of the dividend until such time as payment is made.

The exit tax owed by companies that have been taken over by the property investment fund, are deducted from the revaluation surplus at the moment of the merger and are recognised as a liability.

Tax claims and liabilities are valued at the tax rate used during the period to which they refer.

Deferred tax claims and liabilities are recognised on the basis of the debt method ('liability method') for all provisional differences between the taxable basis and the carrying amount for financial reporting purposes with respect to both assets and liabilities. Deferred tax claims are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset.

Ordinary and diluted net result per share

The ordinary net result per share is calculated by dividing the net result as shown in the income statement by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted net result per share, the net result that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

Intangible assets

Intangible assets are recognised at cost, less any accumulated depreciation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. Intangible assets are amortised linearly over their expected useful life. The depreciation periods are reviewed at least at the end of every financial year.

Investment properties and development projects

a. Definition

Investment properties comprise all lands or buildings that are lettable and (wholly or in part) generate rental income, including the buildings where a limited part is kept for own use and buildings under an operating lease.
Development projects comprise lands and buildings under development as a result of which, for a particular time, they only require investments without generating income.

b. Initial recognition and valuation

Initial recognition in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the property investment fund is also included in the acquisition value.

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate company, through the nonmonetary contribution of a building against the issue of new shares or by merger through takeover of a real estate company, the deed costs, audit and consultancy costs, reinvestment fees and costs of lifting distraint on the financing of the absorbed company and other costs of the merger are also capitalised.

c. Subsequent costs

Expenses for works on investment properties and development projects are charged against the profit or loss of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment properties and development projects:

1. **repairs and maintenance:** these are expenses that do not increase the expected future economic benefits of the building or project and are consequently charged in full against the income statement under the item “technical costs”.
2. **refurbishment:** these are expenses arising from a tenant leaving. These expenses are charged in the income statement under “costs payable by tenant and borne by landlord for rental damage and refurbishment”.
3. **renovations:** these are expenses resulting from ad hoc works that substantially increase the expected economic benefits from the building (for example: installation of air conditioning or creation of additional parking places). The directly attributable costs of these works, such as materials, building works, technical studies and architects’ fees are consequently capitalised.
4. **rent incentives:** these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of retail premises, creation of additional social areas, etc. These costs are capitalised and then allocated over the period from the commencement of the lease contract up to the next time at which it is possible to terminate the contract and are deducted from the rental income.

d. Valuation after initial recognition

After initial recognition, investment properties and development projects are valued by the independent property experts at investment value. For this purpose investment properties and development projects are valued quarterly on the basis of the cash value of market rents and/or effective rental income, after reduction of associated costs in line with the International Valuation Standards 2001, drawn up by the International Valuation Standards Committee.

Valuations are made by discounting the annual net rent received from the tenants, reduced by the related costs. Discounting uses a yield factor depending on the inherent risk of the relevant building.

In accordance with IAS 40, investment properties are recognised on the balance sheet at fair value. This value is equal to the amount for which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, it should be understood as being subject to the deduction of registration taxes.

The Belgian Association of Asset Managers (BEAMA) published a press release on 8 February 2006 with respect to the amounts of these registration fees (see also www.beama.be - publications - press release: "First application of IFRS accounting rules").

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions involving buildings in Belgium with an overall value of less than € 2,5 million, registration taxes of between 10,0 % and 12,5 % should apply, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2,5 million and considering the wide range of property transfer methods used in Belgium, the same experts - on the basis of a representative sample of 220 transactions that took place in the market from 2002 to 2005 and representing a grand total of € 6,0 billion - valued the weighted average of the taxes comes to 2,5 %.

This means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million). As Vastned Retail Belgium in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2,5 million, the fair value was calculated by dividing the investment value by 1,025.

The difference between the fair value of the property and the investment value of the property as determined by the independent property experts is recognised at the end of the period in the item "impact on the fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in the shareholders' equity.

Profits or losses deriving from the change of fair value of an investment property or development projects are recognised in the income statement in the period where they emerge and allocated to the reserves in the profit allocation.

Interest charges directly attributable to development projects are capitalised as part of the cost. With loans that are generally taken out to acquire assets, the financing cost eligible for recognition as part of the cost of the development projects, is determined by applying a capitalisation percentage to the cost of the assets. The capitalisation percentage is equal to the weighted average of the financing costs, excluding loans specially entered into. The amount of the financing costs capitalised during a period may not be greater than the amount of the financing costs incurred during the period. Capitalisation begins when the expenses for the asset are incurred, the financing costs are incurred and the activities needed to produce the asset are under way. Capitalisation is deferred during long periods of interruption. Every year information is provided in the explanatory notes on the methods employed for financing costs, the amount of the financing costs capitalised during the period and the capitalisation percentage used.

Government grants associated with these assets are a deduction from the cost. If the cost is greater than the realisable value, an impairment loss is recognised.

The buildings for own use are valued at fair value if only a limited part is occupied by the entity for its own use. In any other case the building will be classified in "other tangible assets".

e. Disposal of an investment properties and development projects

The commission fees paid to real estate agents under a mandate to sell are charged against profit or loss made on the sale.

The profits or losses realised on the disposal of investment properties and development projects are recorded in the income statement of the reporting period in 'result on disposals of investment properties' and are allocated to the reserves.

f. Assets held for sale

Assets held for sale refer to real estate properties whose carrying amount will be realised during a sales transaction and not through continuing use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

Other tangible assets

a. Definition
The fixed assets under the entity's control that do not meet the definition of investment property are classified as "other tangible assets".

b. Valuation
Other tangible assets are initially recognised at cost and thereafter valued according to the cost model.

Government grants are deducted from the cost price. Additional costs are only capitalised if the future economic benefits related to the tangible asset increase.

c. Depreciation and exceptional impairment losses
Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use as foreseen by the management. The following percentages apply on an annual basis:

- plant, machinery and equipment 20 %
- furniture and vehicles 25 %
- computer equipment 33 %
- real estate for own use:
  - land 0 %
  - buildings 5 %
- other tangible assets 16 % 16 %

If there are indications that an asset may have suffered impairment loss, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

Solar panels
Solar panels are valued based on the revaluation model in accordance with IAS 16 - Tangible Assets. After initial recognition, an asset whose fair value can be reliably determined must be booked at the revalued value, i.e. the fair value at the moment of revaluation less any subsequently accumulated depreciation and subsequently accumulated impairment losses. The fair value is determined based on the discounting method for future income. The useful life of solar panels is estimated at 20 years.

Capital gains generated upon the start-up of a new site are entered in a separate component of the shareholders' equity. Capital losses are also included in this component, unless they have been converted into cash or unless the fair value drops below the original cost. In the latter cases they are included in the results.

d. Disposal and retirement
When tangible assets are sold or retired, their carrying amount ceases to be recognised on the balance sheet and the profit or loss is recognised on the income statement.

Impairment losses

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

Financial instruments

a. Trade receivables
Trade receivables are recorded at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

b. Investments
Investments are recognised and derecognised on a trade date basis when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Debt securities of which the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts. Such impairment losses are recognised in profit or loss when there is the objective evidence that an asset is impaired. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

c. Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d. Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the economic certainty of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

e. Interest-bearing bank loans
Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with principles of financial reporting related to financing costs, applied by the Group.

f. Trade debts
Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

g. Equity instruments
Equity instruments issued by the company are recognised in the proceeds received (net of direct issue costs).

h. Derivatives
The Group uses derivatives to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives are initially valued at cost price and are valued after initial recognition at fair value.

- Derivatives that do not qualify for hedge accounting
  Certain derivatives do not qualify for hedge accounting. Changes in the fair value of each derivative that does not qualify for hedge accounting are recognised immediately in the income statement.
- Hedge accounting
  The Group designates certain hedging instruments as fair value hedges and cash flow hedges.
  The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The ineffective portion is recognised in the income statement on the line "Changes in fair of financial asset and liabilities (ineffective hedges - IAS 39)".

  Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement when the hedged item is recognised in the income statement, in the same line as the recognised hedged item. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the profits or losses on the financial derivative previously accumulated in equity are recognised in the initial valuation of the asset or liability.

  Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument is sold or terminated, or exercised, or no longer qualifies for hedge accounting. Any profit or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

i. Own shares
When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

Provisions

A provision is an obligation of uncertain size or with an uncertain time element. The amount that is recognised is the best estimate at balance sheet date of the expenditure required to settle the existing liability.

Provisions are only recognised when there is a present obligation (legal or constructive) as a result of a past event that probably will bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

Post-employment benefits

Contributions to defined-contribution retirement benefit plans are recognised as an expense against the reporting period when employees have rendered services entitling them to the contributions..

Dividend distribution

Dividends are recognised as equity until the annual shareholders' meeting approves the dividends. The dividends are therefore recognised as a liability in the annual accounts of the period in which the dividend distribution is approved by the annual general shareholders' meeting.

Events after the balance sheet date

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on balance sheet date are recognised as result in the income statement.

Significant valuations and main sources of uncertainty regarding valuations

a. Fair value of investment properties

The fair value of the investment properties of Vastned Retail Belgium is valued on a quarterly basis by independent property experts. This valuation of the property experts is meant to determine the market value of a building on a certain date according to the evolution of the market and the characteristics of the relevant buildings. The property experts use the principles described in the chapter "Valuation of the portfolio by property experts" in the Property report and in "Note 14: Non-current assets: investment properties" of the Financial report. The real estate portfolio is recorded in the consolidated annual accounts at fair value determined by the property experts.

b. Financial derivatives

The fair value of the financial derivatives of Vastned Retail Belgium is valued on a quarterly basis by the by the issuing financial institute. A comprehensive description can be found in "Note 19. Financial instruments" in the Financial report.

c. Disputes

The company is, and may in the future, be involved in legal procedures. Vastned Retail Belgium is involved on 31 December 2013 as claimer as well as defendant in a number of legal procedures which (according to the information held by the company on the date of this annual report) will most probably not have a significant impact on the assets, liabilities and results of the property investment fund.

Pain de Sucre
Antwerp
66 m²

03

note

Segmented information

The reporting by segment is done within Vastned Retail Belgium according to two segmentation bases:

1. by business segment: this segmentation basis is sub-divided into "retail warehouses & shopping centres" and "inner-city shops"
2. by geographic segment: this segmentation basis represents the 3 geographical markets in Belgium in which the Group operates, namely Flanders, Brussels and the Walloon region.

By business segment

The two business segments comprise the following activities:

- The category of "inner-city shops" includes those shops that are located in substantially developed commercial centres with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- The category of "retail warehouses & shopping centres" relates, one the one hand, to single buildings or retail parks along the major traffic axes and mostly an important sales area (from 400 m²). Retail parks are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. On the other hand, shopping centres also fall into this category. Shopping centres are complexes comprising different shops that are dependent commercially on each other and which have joint commercial and promotional aspects.

The category of "corporate" includes all non-segment allocated fixed costs borne at a group level.

Income statement by segment

BUSINESS SEGENT	Inner-city shops		Retail warehouses & shopping centres		Corporate		TOTAL	
in thousands €	2013	2012	2013	2012	2013	2012	2013	2012
Rental income	10.954	10.775	10.789	11.470			21.743	22.245
Rental-related expenses	-52	-45	-20	-88			-72	-133
NET RENTAL RESULT	**10.902**	**10.730**	**10.769**	**11.382**			**21.671**	**22.112**
Rental-related costs and income	-1	0	38	19			37	19
PROPERTY RESULT	**10.901**	**10.730**	**10.807**	**11.401**			**21.708**	**22.131**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**9.700**	**9.303**	**9.564**	**10.024**	**-821**	**-790**	**18.443**	**18.537**
Result on disposals of investment properties	-52	71	325	847			273	918
Changes in fair value of investment properties	-59	5.602	-2.971	804			-3.030	6.406
Other result on portfolio	-149	50	-5	41			-154	91
OPERATING RESULT OF THE SEGMENT	**9.440**	**15.026**	**6.913**	**11.716**	**-821**	**-790**	**15.532**	**25.952**
Financial result					-3.305	-7.256	-3.305	-7.256
Taxes					-33	-32	-33	-32
NET RESULT	**9.440**	**15.026**	**6.913**	**11.716**	**-4.159**	**-8.078**	**12.194**	**18.664**

Key figures by segment

BUSINESS SEGMENT	Inner-city shops		Retail warehouses & shopping centres		TOTAL	
in thousands €	2013	2012	2013	2012	2013	2012
Fair value of real estate properties	211.386	201.202	150.292	157.981	361.678	359.183
○ of which investments during the financial year (fair value)	204	112	0	1.325	204	1.437
○ of which acquisitions during the financial year	11.670	0	0	0	11.670	0
Divestments during the financial year (fair value)	-1.631	-230	-4.718	-10.643	-6.349	-10.873
Investment value of real estate properties	216.671	206.232	154.049	161.930	370.720	368.162
Accounting yield of the segment (%)	5,2 %	5,4 %	7,2 %	7,3 %	6,0 %	6,2 %
Total leasable space (m²)	33.624	33.541	113.338	117.500	146.962	151.041
Occupancy rate (%)	95 %	98 %	96 %	97 %	95 %	97 %

By geographical region

The activity of Vastned Retail Belgium is geographically subdivided into 3 regions namely Flanders, Brussels and the Walloon region.

GEOGRAPHICAL SEGMENT	Flanders		Walloon region		Brussels		TOTAL	
in thousands €	2013	2012	2013	2012	2013	2012	2013	2012
Rental income	14.704	14.808	4.021	4.471	3.018	2.966	21.743	22.245
Fair value of real estate properties	250.478	249.597	58.006	56.804	53.194	52.782	361.678	359.183
Investment value of real estate properties	256.740	255.837	59.456	58.224	54.524	54.101	370.720	368.162
Accounting yield of the segment (%)	5,9 %	5,9 %	6,9 %	7,9 %	5,7 %	5,6 %	6,0 %	6,2 %
Investments during the financial year (fair value)	181	1.316	23	121	0	0	204	1.437
Divestments during the financial year (fair value)	-6.349	-1.486	0	-9.157	0	-230	-6.349	-10.873

04

note

Property result

Rental income

in thousands €	2013	2012
Rents	22.118	22.592
Rental discounts	-375	-347
Total rental income	**21.743**	**22.245**

Rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for early terminated lease contracts minus any rental discounts and rental benefits (incentives) granted. The rental discounts and incentives are spread over the period running from the start of the lease contract to the next possibility of terminating a lease contract.

Rental income of Vastned Retail Belgium is spread over 149 different tenants, limiting the debtor's risk and improving stability of rental income. The ten most important tenants represent 48 % (45 % in 2012) of rental income and are always prominent companies in their sector and part of international groups. The most important tenant represents 12 % of rental income (12 % in 2012). In 2013, there are 5 tenants whose lease payments on an individual basis represent more than 5 % of total rental income of Vastned Retail Belgium (5 tenants in 2012).

Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of lease contracts is subject to the following collection terms:

in thousands €	2013	2012
Receivables with a remaining duration of:		
Less than one year	21.547	20.556
Between one and five years	28.181	23.921
More than five years	221	308
Total of future minimum rental income	**49.949**	**44.785**

The increase of the future minimum rental income on 31 December 2013 of € 5,2 million results mainly on the one hand from the acquisition of a building located Steenstraat in Bruges, let to Massimo Dutti, rental renewals and new lettings to a.o. Club and Mayerline in Jardin d'Harscamp in Namur, partly compensated on the other hand by sales of non-strategic properties.

Rental-related expenses

in thouands €	2013	2012
Rent for leased assets and ground lease	-109	-106
Write-downs on trade receivables	-84	-51
Reversal of write-downs on trade receivables	121	24
Total rental-related expenses	**-72**	**-133**

The rental-related expenses comprise write-downs on trade receivables and are recognised in the income statement when the carrying amount is higher than the estimated realisation value, as well as costs and income of the letting of buildings not belonging to former classes.

Recovery of rental charges and taxes normally payable by tenants on the let properties

in thousands €	2013	2012
Rebilling of rental charges borne by the landlord	64	65
Rebilling of advance levies and taxes on let properties	1.484	1.394
Recovery of rental charges and taxes normally payable by tenants on let properties	**1.548**	**1.459**
Rental charges borne by the landlord	-64	-65
Advance levies and taxes on let properties	-1.484	-1.394
Rental charges and taxes normally payable by tenants on the let properties	**-1.548**	**-1.459**
Total net amount of recovered rental charges and taxes	**0**	**0**

Rental charges and taxes on let buildings and recovery of these charges refer to costs that are, by law or custom, of the responsibility of the tenant. These costs comprise primarily property tax and rental charges. The owner is responsible for the management of the buildings or has it contracted out to external property managers. Depending on contractual agreements with the tenants, the landlord may or may not charge the tenants for these services.

05

note

Property charges

Technical costs

in thousands €	2013	2012
Recurrent technical costs	**-112**	**-113**
Insurance premiums	-112	-113
Non-recurrent technical costs	**-348**	**-724**
Maintenance	-341	-720
Claims	-7	-4
Total technical costs	**-460**	**-837**

Technical costs comprise, inter allia, maintenance costs and insurance premiums.

Maintenance costs that can be seen as renovation of an existing building because they bring about an improvement of the return or the rent, are not recognised as costs but are capitalised.

The technical costs have decreased in 2013 as a result on the one hand of a less elaborated maintenance program and on the other hand because in 2012 exceptional costs for the stability problems in Mechelen Bruul were recorded.

Commercial costs

in thousands €	2013	2012
Brokers' fees	-58	-86
Publicity	-35	-47
Lawyers' fees and legal costs	-122	-96
Total commercial costs	**-215**	**-229**

Commercial costs also include brokers' fees. Brokers' fees paid to brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. Brokers' fees paid after an immediate re-letting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not take this fee into account at the moment of valuation.

Charges and taxes on unlet properties

in thousands €	2013	2012
Vacancy charges of the financial year	-125	-97
Vacancy charges of preceding financial years	13	-11
Property tax on vacant properties	-76	-58
Recuperation of property tax on vacant properties	20	83
Total charges and taxes on unlet properties	**-168**	**-83**

The increase of charges and taxes on unlet properties results mainly from the growing vacancy in Tongeren and the increasing arrears of some tenants in Jardin d'Harscamp in Namur.

Vastned Retail Belgium largely recovers the property tax that is charged on vacant parts of buildings through objections submitted to Flanders Tax Administration.

Property management costs

in thousands €	2013	2012
External property management fees	-35	-35
Internal property management fees	-1.194	-1.192
Property experts	*-189*	*-193*
Remuneration of employees	*-708*	*-700*
Other costs	*-297*	*-299*
Total property management costs	**-1.229**	**-1.227**

Property management costs are cost related to the management of the buildings. These include personnel costs and indirect costs with respect to the management committee and the staff (such as office costs, operating costs etc.) who manage the portfolio and lettings, and also depreciations and impairments on tangible assets used for such management and other business expenses related to the management of the property.

The external property management fees are related to the commercial complex Jardin d'Harscamp in Namur.

Other property charges

in thousands €	2013	2012
Property tax contractually borne by the landlord	-37	-37
Costs contractually borne by the landlord	-70	-67
Security costs	-45	-80
Other costs	-52	-45
Total other property charges	**-204**	**-229**

The other property charges comprises mainly costs contractually borne by the landlord for Julianus Shopping in Tongeren and security costs for Jardin d'Harscamp in Namur.

06

note

General costs

in thousands €	2013	2012
CII tax	-227	-182
Auditor's fee	-77	-91
Directors' remunerations	-31	-31
Liquidity provider	-14	-14
Financial services	-5	-6
Employee benefits	-403	-452
Other costs	-309	-273
Total general costs	**-1.066**	**-1.049**

General costs are all costs related to the management of the property investment fund and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and impairments on tangible assets used for his management and other operating costs.

07 note

Employee benefits

in thousands €	2013			2012		
	Charges for the patrimony manage-ment	Charges linked to the man-agement of the fund	TOTAL	Charges for the patrimony manage-ment	Charges linked to the man-agement of the fund	TOTAL
Remunerations of employees	**444**	**242**	**686**	**442**	**291**	**733**
Salary and other benefits paid within 12 months	282	144	426	256	179	435
Pensions and post-employment benefits	13	8	21	11	6	17
Social security	77	46	123	72	43	115
Variable remunerations	26	16	42	25	15	40
Dismissal indemnities	0	0	0	0	17	17
Other charges	46	28	74	78	31	109
Remuneration of the management committee	**264**	**161**	**425**	**258**	**161**	**419**
Chairman of the management committee	65	65	**130**	63	63	126
Fixed remuneration	*60*	*61*	*121*	*59*	*59*	*118*
Variable remuneration	*5*	*4*	*9*	*4*	*4*	*8*
Other members of the management committee	199	96	**295**	195	98	293
Fixed remuneration	*184*	*73*	*257*	*180*	*78*	*258*
Variable remuneration	*15*	*12*	*27*	*15*	*8*	*23*
Retirement obligations	*0*	*11*	*11*	*0*	*12*	*12*
Total employees benefits	**708**	**403**	**1.111**	**700**	**452**	**1.152**

The number of employees at year-end 2013, expressed in FTE is 4 staff members and 2 members of the management committee for the internal management of the patrimony (2012: respectively 4 and 2) and 4 staff members and 1 member of the management for the management of the fund (2012: respectively 4,5 and 1). The management team comprises 3 persons.

Remuneration, supplementary benefits, compensation upon termination, redundancy and resignation compensation for personnel in permanent employment are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective bargaining agreements that have been recognised in the income statement in the period to which they refer.

Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. For permanent employees, Vastned Retail Belgium has taken out a group insurance policy - a "defined contribution plan" - with an external insurance company.

The company pays contributions to this fund, which is independent of the company. A pension plan with a defined-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further contributions if the fund were to have insufficient assets. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke act on pensions. The compulsory contributions are recognised in the income statement for the period that they relate to. For financial year 2013 these contributions amount to € 32.000 (2012: € 29.000). The insurance company confirmed on 31 December 2013 that the deficit to guarantee the minimum return is not material.

08
note

Result on disposals of investment properties

in thousands €	2013	2012
Acquisition value	4.208	8.558
Accumulated capital gains and extra-ordinary impairment losses	2.288	2.315
Carrying amount (fair value)	**6.496**	**10.873**
Sales price	7.105	11.307
Selling costs	-336	-9
Additional compensation for Shopping Park Olen	0	493
Net proceeds of sale	**6.769**	**11.791**
Total result on disposals of investment properties	**273**	**918**

The property investment fund was sold in 2013 five non-strategic premises in Schelle, Scherpenheuvel, Sint-Job-in-'t-Goor, Merksem and Diest for a total sales price of € 6,8 million and a gain of € 0,4 million. Furthermore an apartment was also sold in Vilvorde, recorded on 31 December 2012 on assets held for sale (see note 15).

09
note

Changes in fair value of investment properties

in thousands €	2013	2012
Positive changes of investment properties	7.003	9.495
Negative changes of investment properties	-10.033	-3.089
Total changes in fair value of investment properties	**-3.030**	**6.406**

The changes in fair value of investment properties for financial year 2013 are negative and amount to - € 3,0 million (€ 6,4 million). This effect comes mainly from the decrease in fair value of Julianus Shopping in Tongeren and the write-off of 2,5 % transaction costs for the acquisition of the building located on Steenstraat 38 in Bruges.

10
note

Other result on portfolio

in thousands €	2013	2012
Changes in spread of rental discounts and benefits granted to tenants	-131	64
Other changes	-23	27
Total other result on portfolio	**-154**	**91**

11 note Financial result

in thousands €	2013	2012
Financial income	3	50
Net interest charges with fixed interest rate	-4.529	-4.719
Net interest charges with variable interest rate	-354	-490
Other financial costs	-11	-7
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	1.586	-2.090
Total financial result	**-3.305**	**-7.256**

The financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges – IAS 39)) amounts for financial year 2013 to - € 4,9 million (- € 5,2 million). On an annual basis the average credit facility withdrawal of the property investment fund has decreased by approximately € 9 million in 2013 compared to 2012 through the realised divestments of investment properties in December 2012 and in 2013. Through this lower credit facility withdrawal and because of new interest rate swaps at lower interest rates, the financing costs of the property investment fund have decreased by € 0,3 million in 2013.

Net interest charges classified by credit line expiry date

in thousands €	2013	2012
Net interest charges on non-current financial debts	-4.541	-4.392
Net interest charges on current financial debts	-342	-817
Total net interest charges	**-4.883**	**-5.209**

The average interest rate of the financial debts amounts for 2013 to 4,0 % including bank margins (4,0 % for 2012).
The average interest rate for 2013 of the non-current financial debts amounts to 4,6 % including bank margins (2012: 4,6 %), and of the current financial debts to 1,5 % including bank margins (2012: 2,4 %).

For 2013 the (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2013 at the fixed or variable interest rate on 31 December 2013 amounts to approximately € 3,6 million (2012: € 4,7 million).

For financial year 2013, the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1 % gives a negative result of approximately € 0,3 million (2012: € 0,4 million). The financial derivatives are included in the calculations. Given the currently low market rate a hypothetical decrease of the interest rates by 1 % is not realistic.

12 note Taxes

in thousands €	2013	2012
Corporate income tax	-33	-32
Total taxes	**-33**	**-32**

With the Royal Decree of 7 December 2010 (previously the Royal Decree of 10 April 1995), the legislator gave a favourable tax status to property investment funds. If a company converts its status into that of a property investment fund, or if an (ordinary) company merges with a property investment fund, it must pay a one-off tax (exit tax). Thereafter, the property investment fund is only subject to taxes on very specific items, e.g. "disallowed expenditure". No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties.

Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

13 note Number of shares and result per share

Movement of the number of shares

	2013	2012
Number of shares at the beginning of the financial year	5.078.525	5.078.525
Number of shares at the end of the financial year	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525
Adjustments for calculation of the diluted result per share	0	0
Weighted average number of shares for calculation of diluted result per share	5.078.525	5.078.525

Determination of amount of mandatory dividend distribution

The amount subject to distribution is determined pursuant to article 27 § 1 and Chapter 3 of Annex C of the Royal Decree of 7 December 2010.

in thousands €	2013	2012
Net result according to statutory annual accounts	**12.194**	**18.664**
Adjustment for non-cash flow transactions included in the net result:		
○ Depreciations and reversal of depreciations and impairments	70	158
○ Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-1.590	2.236
○ Result on portfolio	2.844	-7.610
Corrected result for mandatory distribution	**13.518**	**13.448**
Mandatory distribution: 80 %	**10.814**	**10.758**
Operating distributable result (statutory annual accounts)	13.448	13.290
Operating distributable result (consolidated annual accounts)	13.448	13.290

The distributable earnings per share, based on the statutory annual accounts of Vastned Retail Belgium sa, amount to € 13,4 million in 2013 compared to € 13,3 million in 2012.

No further adjustments must be made on the corrected result for any non-exempted capital gain on sales of investment properties or debt reductions. Consequently, the corrected result is equal to the amount eligible for mandatory distribution of 80 %.

Vastned Retail Belgium chooses to distribute 100 % of the statutory operating distributable result to its shareholders.

Calculation of result per share

in €	2013	2012
Ordinary net result per share	2,40	3,68
Diluted net result per share	2,40	3,68
Operating distributable result per share	2,65	2,62

The operating distributable result per share is, given a 100% distribution, rounded to € 2,65 per share.

Proposed dividend per share

After the closing of the financial year, the dividend distribution shown below is proposed by the board of directors. This will be presented to the general meeting of shareholders on 30 April 2014. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2013	2012
Dividend per share (in €)	2,65	2,62
Remuneration of share capital (in thousands €)	13.458	13.306
Dividend as a percentage of consolidated operating distributable result (%)	100 %	100 %

Determination of the amount pursuant to article 617 of the Belgian Companies Code

The amount, as referred to in article 617 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, the called-up capital, plus all reserves which, pursuant to the law or the articles of association, may not be distributed, is determined in Chapter 4 of Annex C of the Royal Decree of 7 December 2010.

This calculation is based on the statutory annual accounts of Vastned Retail Belgium sa.

in thousands €	2013	2012
Non-distributable elements of shareholders' equity for distribution		
Paid-up capital	97.213	97.213
Unavailable share premiums, according to the articles of association	4.183	4.183
Reserve for the positive balance of changes in investment value of real estate properties	134.524	126.984
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.907	-8.977
Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting	-504	-2.003
Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting	-4.692	-2.602
Other reserves	622	768
Result of the financial year which, pursuant to Chapter I of Annex C of the Royal Decree of 7 December 2010, is to be allocated to non-distributable reserves		
Result on portfolio	-2.844	7.610
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	1.590	-2.236
Total non-distributable shareholders' equity	**221.184**	**220.940**
Statutory shareholders' equity	**235.467**	**235.080**
Planned dividend distribution	13.458	13.306
Number of shares	5.078.525	5.078.525
Operating distributable result per share (in €)	2,65	2,62
Statutory shareholders' equity after dividend distribution	**222.009**	**221.774**
Remaining reserves after distribution	**824**	**834**

14 note Non-current assets

Investment properties

Investment and revaluation table

in thousands €	2013			2012		
	Inner-city shops	Retail warehouses and shopping centres	TOTAL	Inner-city shops	Retail warehouses and shopping centres	TOTAL
Balance at 1 January	**201.202**	**157.981**	**359.183**	**195.695**	**166.518**	**362.213**
Acquisitions of investment properties	11.670	0	11.670	0	0	0
Investments in existing investment properties	204	0	204	112	1.325	1.437
Disposals of investment properties	-1.631	-4.718	-6.349	-230	-10.643	-10.873
Changes in fair value of investment properties	-59	-2.971	-3.030	5.602	804	6.406
Balance at 31 December	**211.386**	**150.292**	**361.678**	**201.202**	**157.981**	**359.183**
OTHER INFORMATION						
Investment value of real estate properties	216.671	154.049	370.720	206.232	161.930	368.162

On 31 December 2013, the fair value of the investment properties of Vastned Retail Belgium amounts to € 362 million (€ 359 million). This increase of € 3 million compared to 31 December 2012 comes mainly from:

- the investment in an inner-city shop in Bruges with a fair value of approximately € 11,5 million
- the sale of a retail park in Schelle and four commercial properties in Scherpenheuvel, Sint-Job-in-'t-Goor, Merksem and Diest with a total fair value of € 6,3 million on 31 December 2012
- a decrease in value of the real estate portfolio of € 3,0 million mainly through the decrease in fair value of Julianus Shopping in Tongeren.

On 31 December 2013, the real estate properties are valued at € 371 million (investment value) by the independent property experts. The fair value is the investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future potential disposal. For the explanation of the changes in fair value of investment properties, please see note 9.

On 31 December 2013, there were no investment properties mortgaged as security for loans taken out or for credit facilities at financial institutions.

IFRS 13

IFRS 13 applies to financial years beginning on or after 1 January 2013. It introduces a standardised framework for measuring fair value and a disclosure requirement regarding fair value measurement when this valuation principle is required or permitted by virtue of other IFRS standards. IFRS 13 specifically defines fair value as the price that would be received for the sale of an asset or that would have to be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirement in IFRS 13 regarding fair value measurements also serves to replace or expand upon the requirements imposed by other IFRS standards, including IFRS 7 Financial Instruments: Disclosures.

Investment properties are recognised at fair value. The fair value is determined on the basis of one of the following levels of the hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on information that is not (externally) observable

IFRS 13 classifies investment properties as level 3.

Valuation of investment properties

The fair value of all of the property investment fund's investment properties are valued each quarter by independent property experts. The fair value is based on the market value (i.e. adjusted for the 2,5% purchasing fees as described in the 'Principles of financial reporting - Investment properties' - see above), which is the estimated amount for which an investment property can be sold at the measurement date by a seller to a willing buyer in a business-like, objective transaction preceded by sound negotiations among knowledgeable and willing parties.

If no current market prices are available in an active market, the measurements are made on the basis of a calculation of gross returns in which the gross market rents are capitalised. The measurements obtained are adjusted for the present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease contracts. Rent discounts and rent-free periods are also taken into consideration. For buildings that are partially or completely vacant, the measurement is made on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions.

The yields used are specific to the type of property, location, state of maintenance and the leasability of each property. The basis used to determine the yields is formed by comparable transactions and supplemented with knowledge of the market and of specific buildings. Comparable transactions in the market are also taken into account for the valuation of properties.

The yields described in the property report are calculated by dividing the (theoretical) gross rent of the real estate by the investment value of the investment properties expressed as a percentage. The average gross yield of the total investment portfolio as per 31 December 2013 comes to 6,3 % (31 December 2012: 6,1 %).

Assumptions are made per property, per tenant and per vacant unit concerning the likelihood of lease/re-lease, number of months vacant, incentives and rental costs.

The most important hypotheses regarding the valuation of the investment properties are:

	31.12.2013	31.12.2012
Average gross market rent per m² (in €)		
○ Inner-city shops	356	333
○ Retail warehouses & shopping centres	99	96
Average gross yield (in %)		
○ Inner-city shops	5,6 %	5,4 %
○ Retail warehouses & shopping centres	7,3 %	6,9 %
Average net yield (in %)		
○ Inner-city shops	4,9 %	4,8 %
○ Retail warehouses & shopping centres	6,5 %	6,1 %
Vacancy rate (in %)	**4,6 %**	**2,7 %**

In the case of a hypothetical negative adjustment of 1 % (from 6,0 % to 7,0 % on average) to the yield used by property experts for valuing the real estate portfolio of the property investment fund (yield or capitalisation rate), the fair value of the real estate would decrease by € 53 million or 14 %. This would raise the debt ratio of the property investment fund by 6 % to around 40 %. If this is reversed, and a hypothetical positive adjustment of 1 % (from 6,0 % to 5,0 % on average) is made to this yield, the fair value of the real estate would increase by € 75 million or 20 %. This would lower the debt ratio of the property investment fund by 6 % to around 28 %.

In the case of a hypothetical decrease in the current rents of the property investment fund (assuming a constant yield) of € 1 million (from € 22,1 million to € 21,1 million), the fair value of the real estate would decrease by € 16 million or 5 %. This would raise the debt ratio of the property investment fund by 2 % to around 36 %. In the reverse case of a hypothetical increase of the current rents of the property investment fund (assuming a constant yield) of € 1 million (from € 22,1 million to € 23,1 million), the fair value of the real estate would increase by € 16 million or 5 %. This would lower the debt ratio of the property investment fund by 2 % to around 32 %.

A correlation exists between changes in the current rents and the yields that are used to value the real estate, but this was not factored into the above sensitivity analysis.

Valuation process for investment properties

Investment properties are recorded in the accounts on the basis of valuation reports drawn up by independent and expert property assessors. These reports are based on:

- Information supplied by the property investment fund, such as current rents, periods and conditions of lease contracts, service charges, investments, etc. This information comes from the property investment fund's financial and management system and is subject to the generally applicable verification system of the company.
- The assumptions and valuation models used by the property experts. These assumptions relate mainly to the market situation, such as yields and discount rates. They are based on their professional assessment and observation of the market.

For a detailed description of the valuation method used by the property experts, please refer to the section of the Property Report entitled 'Valuation of the portfolio by property experts'.

The information provided to the property experts, as well as the assumption and the valuation models, are checked by the company's business analyst and also by the management committee of the property investment fund. This involves an examination of the changes in fair value during the relevant period.

Other tangible assets

in thousands €	2013	2012
Amount at the end of the preceding financial year	**602**	**162**
Acquisitions	60	561
Deprication	-102	-121
Amount at the end of the financial year	**560**	**602**

Vastned Retail Belgium installed in 2012 solar panels in own management on the retail warehouse located on Boomsesteenweg 660 in Wilrijk. The generated energy is provided at favourable rates to tenants AS Adventure, Tony Mertens, Brantano and Prémaman. Vastned Retail Belgium receives a subsidy of € 250 per 1.000 kWh of energy generated for this project. This investment in solar panels amounted in 2012 to € 0,5 million and generates a yield of 7,6 %. The revenue of the solar panels are recorded under the item 'other rental-related income and expenses'.

Solar panels are valued on an annual basis by the independent property experts. The fair value is determined based on the discount of the future guaranteed revenues from green power certificates, under normal sunshine hours, taking into account normal maintenance costs. The useful life of solar panels is estimated at 20 years.

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note

Current assets

Assets held for sale

in thousands €	2013	2012
Hasselt, Genkersteenweg	0	1.552
Brussels, Waversesteenweg	0	300
Vilvoorde Leuvensestraat - apartements	0	147
Total assets held for sale	**0**	**1.999**

On 31 December 2013, the property investment fund has no assets held for sale. For the properties in Hasselt and Brussels the notarial deeds were signed in the first semester of 2013 and the last apartment of the project in Vilvorde was sold in October 2013.

Trade receivables

in thousands €	2013	2012
Trade accounts receivable outstanding	147	209
Invoices to be issued and credit notes to be received	26	36
Doubtful debtors	170	110
Provision doubtful debtors	-170	-110
Total trade receivables	**173**	**245**

Thanks to a strict credit control the number of days of outstanding customers' credit is only 2 days.

Aging analysis of trade accounts receivable

in thousands €	2013	2012
Receivables < 30 days	50	88
Receivables 30-90 days	42	79
Receivables > 90 days	55	42
Total trade accounts receivable outstanding	**147**	**209**

For the follow-up of the debtor's risk used by Vastned Retail Belgium, please see the description of the most important risk factors and internal control and risk management systems.

Tax receivables and other current assets

in thousands €	2013	2012
Recoverable VAT	0	28
Taxes receivables	81	80
Receivables on insurances	7	53
Other receivables	3	0
Total tax receivables and other current assets	**91**	**161**

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Shareholders' equity

Evolution of share capital

Date	Transaction	Share capital movement	Total outstanding share capital affter transaction	Number of share issued	Total number of shares
		in thousands €	in thousands €	in units	in units
15.06.1987	Constitution	74	74	3	3
30.06.1996	Capital increase	3.607	3.682	146	149
30.06.1997	Absorption	62	3.744	8	156
31.07.1997	Capital increase	1.305	5.049	71	227
22.12.1997	Absorption	1.529	6.578	69	296
06.11.1998	Absorption	3.050	9.628	137	434
23.12.1998	Absorption	874	10.502	101	535
23.12.1998	Capital increase	23.675	34.178	1.073	1.608
23.12.1998	Capital increase	33.837	68.015	1.723	3.332
31.03.1999	Capital decrease	-3.345	64.670	0	3.332
01.11.1999	Merger GL Trust	13.758	78.428	645.778	3.977.626
01.11.1999	Capital increase (VastNed)	21.319	99.747	882.051	4.859.677
25.11.1999	Capital decrease (compensation of losses)	-7.018	92.729	0	4.859.677
29.02.2000	Capital increase (contribution in kind Mechelen Bruul)	2.263	94.992	90.829	4.950.506
30.06.2000	Kapitaalverhoging (inbreng La Louvière)	544	95.536	21.834	4.972.340
30.06.2000	Capital increase (contribution in kind avenue Louise 7)	1.306	96.842	52.402	5.024.742
20.09.2000	Merger by absorption Immorent, Nieuwe Antwerpse Luxe Buildings, Zeven Zeven and News Of The World	79	96.921	14.004	5.038.746
20.09.2000	Conversion of share capital to euro	79	97.000	0	5.038.746
08.05.2002	Merger by absorption of the limited liability company Immobilière de l'Observatoire	3	97.003	7.273	5.046.019
30.12.2002	Merger by absorption of the limited liability companies GL Properties, Retail Development, Winvest, Immo 2000M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol and Immo Shopping Tienen	209	97.212	26.701	5.072.720
30.12.2002	Merger by absorption of the limited liability company Immo GL	1	**97.213**	5.805	**5.078.525**

On 31 December 2013, the share capital amounts to € 97.213.233,32 and is divided among 5.078.525 fully paid-up shares with no statement of nominal value.

Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 97.213.233,32 by contribution in cash or contribution in kind, if applicable, by incorporation of reserves or share premiums, under regulations provided for by the Belgian Companies Code, article 7 of the articles of association and article 13 of the Royal Decree of 7 December 2010 relating to property investment funds.

This authorisation is valid for a period of five years from the publication in the annexes to the Belgian Official Gazette of the official report of the extraordinary general meeting dated 24 April 2013, i.e. from 26 June 2013 onwards. This authorisation is valid until 26 June 2018. The authorisation to use authorised capital as possible means of defence in the event of a takeover bid is, pursuant to article 607, second paragraph, of the Belgian Companies Code, only valid for three years and expires on 26 June 2016. This authorisation is renewable.

Whenever there is a capital increase, the board of directors shall set the price, any share issue premium and the conditions of issuance of the new shares, unless the general meeting is to decide on that itself. The capital increases may give rise to the issuance of shares with or without voting right.

If the capital increases decided upon by the board of directors pursuant to this authorisation include a share issue premium, the amount of this issue premium must be recorded in a special unavailable account, named "issue premiums", which, like the capital, forms the guarantee for third parties and which cannot be reduced or abolished subject to a decision of the general meeting, meeting under the conditions of presence and majority, providing for a reduction in capital, subject to the conversion into capital as provided for above.

In 2013, the board of directors did not make use of the authorisation granted to use amounts from the authorised capital.

Purchase of own shares

Pursuant to article 9 of the articles of association, the board of directors can proceed to the purchase of own paid-up equity shares by buying or exchanging within the legally permitted limits, if the purchase is necessary to protect the company from a serious and threatening loss.

This permission is valid for three years from the publication of the minutes of the general meeting of 24 April 2013, i.e. from 26 June 2013. This permission is valid till 26 June 2016 and is renewable.

Capital increase

All capital increases will be implemented pursuant to articles 581 to 607 of the Belgian Companies Code, subject to that stated hereafter with respect to the pre-emptive right.

Moreover, the company must comply with the provisions for the public issue of shares as defined in article 87 of the Act of 3 August 2012 relating to certain forms of collective management of investment portfolios and in articles 20 and following of the Royal Decree of 7 December 2010 relating to property investment funds.

In case of a capital increase through a contribution in cash and without prejudice to articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities. This priority allocation right must satisfy the following conditions:

1. it is related to all newly issued securities;
2. it is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
3. a maximum price per share is announced at the latest on the eve of the opening of the public subscription period; and
4. in such a case, the public subscription period must be at least three trading days.

Capital increases realised through a contribution in kind are subject to the provisions of articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to article 13 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the following conditions must be met:

1. the identity of the contributor must be mentioned in the report referred to in article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase;
2. the issue price may not be less than the lowest value of (a) a net asset value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date;
3. except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months; and
4. the report referred to under 1° must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net asset value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

Share premium

in thousands €		2013	2012
Date	**Transaction**		
01.11.1999	Merger GL Trust	4.183	4.183
Total share premium		**4.183**	**4.183**

Reserves

Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2013	2012
Amount at the end of the preceding financial year	**-9.055**	**-8.228**
Changes in investment value of investment properties of the preceding financial year	-196	-600
Impact on acquisitions of investment properties of the preceding financial year	0	-258
Impact on disposals of investment properties of the preceding financial year	271	31
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-8.980**	**-9.055**

The difference between the fair value of the property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is recognised in this item.

The transfer of the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties are no longer, as from the financial year 2010, recorded during the financial year but only after approval of the result distribution by the general meeting of shareholders (in April of next financial year). As this concerns a transfer within two items of shareholders' equity, it has no impact on the total shareholders' equity of the property investment fund.

For the movement of the reserves during the financial year 2013, please see the statement of changes in equity.

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Current liabilities

Trade debts and other current debts

in thousands €	2013	2012
Trade debts	833	924
Advances received from tenants	1.134	1.151
Invoices to be received	434	647
Other current debts	175	249
Total trade debts and other current debts	**2.576**	**2.971**

Other current liabilities

in thousands €	2013	2012
Dividends payable	25	32
Guarantees received after bankruptcies	92	103
Other current liabilities	58	75
Total other current liabilities	**175**	**210**

Accrued charges and deferred income

in thousands €	2013	2012
Accrued interest charges	488	651
Accrued vacancy costs	180	92
Other accrued charges and deferred income	256	186
Total accrued charges and deferred income	**924**	**929**

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Non-current and current financial debts

For the description of the financial structure of the property investment fund, please see the report of the management committee.

Classification by expiry date of withdrawn credit facilities

in thousands €	2013			2012		
	Debts with a remaining duration of			Debts with a remaining duration of		
	< 1 year	**> 1 year and < 5 years**	**TOTAL**	**< 1 year**	**> 1 year and < 5 years**	**TOTAL**
Credit institutions (credits withdrawn)	8.400	113.700	122.100	27.394	89.500	116.894
Financial lease	5	12	17	5	17	22
TOTAL	**8.405**	**113.712**	**122.117**	**27.399**	**89.517**	**116.916**
Percentage	**7 %**	**93 %**	**100 %**	**23 %**	**77 %**	**100 %**

Guarantees regarding financing

In addition to the requirement to maintain the property investment fund's charter and to comply with financial ratios as enforced by the Royal Decree of 7 December 2010 relating to property investment funds, the bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to the property investment fund's consolidated financial debt or its financial interest charges, the prohibition on the mortgaging or pledging of real estate investments and the pari passu treatment of creditors. The financial ratios limit the amount that could still be borrowed by Vastned Retail Belgium.

For the purpose of the financing of the property investment fund, no mortgage registrations were made and no mortgage authorisations were permitted as per 31 December 2013.

For most financings, credit institutions generally require an interest coverage ratio of more than 2 (see description of the financial structure in the Report of the management committee).

These ratios are respected on 31 December 2013. If Vastned Retail Belgium were no longer to respect these ratios, the financial institutions could demand that the financing agreements of the fund be cancelled, renegotiated, terminated or prematurely repaid.

Classification by expiry date of credit lines

in thousands €	2013			2012		
	Debts with a remaining duration of			Debts with a remaining duration of		
	< 1 year	**> 1 year and < 5 years**	**TOTAL**	**< 1 year**	**> 1 year and < 5 years**	**TOTAL**
Credit institutions (credits withdrawn)	8.400	113.700	122.100	27.394	89.500	116.894
Not-withdrawn credit lines	8.994	6.300	15.294	0	20.500	20.500
TOTAL	**17.394**	**120.000**	**137.394**	**27.394**	**110.000**	**137.394**
Percentage	**13 %**	**87 %**	**100 %**	**20 %**	**80 %**	**100 %**

"Classification by expiry date of credit lines" comprises an amount of € 15 million of not-withdrawn credit lines (€ 21 million on 31 December 2012). These do not form at closing date an effective debt but are only a potential debt under the form of an available credit line.

Classification by variable or fixed character of withdrawn credit facilities at financial institutions

in thousands €	2013				2012			
	Debts with a remaining duration of			Per-centage	Debts with a remaining duration of			Per-centage
	< 1 year	**> 1 year and < 5 years**	**TOTAL**		**< 1 year**	**> 1 year and < 5 years**	**TOTAL**	
Variable	8.400	23.700	32.100	26 %	17.394	27.000	44.394	38 %
Fixed	0	90.000	90.000	74 %	10.005	62.517	72.522	62 %
TOTAL	8.400	113.700	122.100	100 %	**27.399**	**89.517**	**116.916**	100 %

In the above table "Classification by variable or fixed character of withdrawn credit facilities at financial institutions" the percentage is calculated as the relation of each component to the sum of the credit lines.

19 note Financial instruments

The major financial instruments of Vastned Retail Belgium consist of financial and commercial receivables and debts, cash and cash equivalents as well as financial instruments of the interest rate swap type (IRS).

Summary of the financial instruments (in thousands €)			2013		2012	
	Categories	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL INSTRUMENTS ON ASSETS						
Non current assets						
Financial fixed assets	C	2	17	17	0	0
Trade receivables and other non-current assets	A	2	3	3	3	3
Current assets						
Trade receivables	A	2	173	173	245	245
Tax receivables and other current assets	A	2	91	91	161	161
Cash and cash equivalents	B	2	1.860	1.860	216	216
FINANCIAL INSTRUMENTS: LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	113.712	113.933	89.517	89.843
Other non-current financial liabilities	C	2	3.106	3.106	4.998	4.998
Other non-current liabilities	A	2	109	109	118	118
Current liabilities						
Current financial debts (interest-bearing)	A	2	8.405	8.405	27.399	27.399
Other current financial liabilities	C	2	521	521	1.697	1.697
Trade debts and other current debts	A	2	2.576	2.576	2.971	2.971
Other current liabilities	A	2	175	175	210	210

The categories correspond to the following financial instruments::

A. Financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost.
B. Investments held to maturity and measured at amortised cost.
C. Assets and liabilities held at fair value through profit and loss, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recognised at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on information that is not (externally) observable

The financial instruments of Vastned Retail Belgium correspond to level 2 of the fair value hierarchy. The following techniques are used to measure the fair value of level 2 financial instruments:

- For the items 'Financial fixed assets', 'Other non-current financial liabilities' and 'Other current financial liabilities' (which apply to the interest rate swaps), the fair value is determined by means of observable data, namely the forward interest rates that apply to active markets, which are generally supplied by financial institutions..
- The fair value of the remaining Level 2 financial assets and liabilities is practically the same as their carrying amount, either because they have a short-term maturity (such as trade receivables and debts) or because they carry a variable interest rate. When the fair value of the interest-bearing financial liabilities is calculated, the financial liabilities with a fixed interest rate are taken into account, and the future cash flows (interest and capital redemption) are discounted with a market-based yield. Financial liabilities that carry a variable interest rate or which are hedged by a financial derivative were not taken into account.

Vastned Retail Belgium employs interest rate swaps to hedge potential changes in the interest charges on a portion of the financial liabilities that have a variable interest rate (the short-term Euribor rate). These interest rate swaps are classified as a cash flow hedge, with the effectiveness or ineffectiveness of the hedges determined in the process.

- The effective part of the changes in fair value of derivatives classified as cash flow hedges are recognised in the statement of comprehensive income in the line "Changes in the effective part of fair value of allowed hedging instruments that are subject to hedge accounting". Fair value hedge accounting is therefore applied to these swaps, on which basis changes in value of these swaps are recognised directly in the shareholders' equity and not in the income statement.
- The ineffective part is recognised in the income statement in the line "Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)" in the financial result.

Fair value of financial derivatives at year-end

On 31 December 2013, the company has following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/no	2013	2012
1	IRS	15.12.2013	15.12.2017	0,79 %	10.000	Yes	17	0
Financial fixed assets							**17**	**0**
2a	IRS	01.10.2009	01.10.2014	3,02 %	25.000	Yes	0	-1 240
3	IRS	15.04.2013	15.04.2018	2,29 %	10.000	No	-589	-801
4	IRS	06.10.2013	06.10.2018	2,60 %	15.000	No	-1.118	-1 326
5	IRS	06.10.2013	06.10.2018	2,50 %	10.000	No	-698	-834
6	IRS	15.12.2013	15.12.2018	2,50 %	10.000	No	-701	-797
Other non-current financial liabilities							**-3.106**	**-4.998**
2b	IRS	01.10.2009	01.10.2014	3,02 %	25.000	Yes	-521	0
	IRS callable	12.05.2008	15.04.2013	3,93 %	10.000	No	0	-109
	IRS	06.10.2008	06.10.2013	4,43 %	25.000	No	0	-825
	IRS	15.12.2008	16.12.2013	4,105 %	20.000	Yes	0	-763
Other current financial liabilities							**-521**	**-1.697**
Total fair value financial derivatives					**80.000**		**-3.610**	**-6.695**
Accounting process on 31 December:								
○ In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting							-504	-2.003
○ In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting							-4.692	-2.602
○ In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							1.586	-2.090
Total fair value financial derivatives							**-3.610**	**-6.695**

On 31 December 2013, these interest rate swaps have a negative market value of - € 3,6 million (contractual nominal value € 80 million), which is determined on a quarterly basis by the issuing financial institute. Interest rate swap 1 was purchased in the fourth quarter of 2013. The expiry date of interest rate swap 2 is on 1 October 2014 so that this interest rate swap is considered as current as from the fourth quarter of 2013. The conversion is divided in above summary in 2a and 2b.

The fair value of the derivatives is exclusively determined by the information having an observable character for the derivative (directly or indirectly) but which is not a price listed on the active market and consequently the IRS contracts are belonging to level 2 of the hierarchy of the fair value as determined by IFRS 7.

On 31 December 2013, Vastned Retail Belgium classifies the interest rate swaps 1 and 2(a+b) as cash flow hedges, determining that these interest rate swaps are effective. The fluctuations in value of the interest rate swaps 3 till 6 included are recognised directly in the income statement..

Management of financial risks

The major financial risks of Vastned Retail Belgium are the financial risk, liquidity risk and the interest rate risk.

- Financial risk

  For the description of this risk and its management is referred to chapter "Financial risk" in the description of the Major risk factors and internal control and risk management systems of the Report of the board of directors.

  For financing real estate, Vastned Retail Belgium always strives for a balance between shareholders' equity and borrowed capital. In addition, Vastned Retail Belgium aims to safeguard its access to the capital market through the transparent disclosure of information, by maintaining regular contacts with financiers and (potential) shareholders and by increasing the liquidity of the share. Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3.5 and 5 years. This may be temporarily derogated from if specific market conditions require this. The average remaining duration of the long-term credit agreements as on 31 December 2013 is 2,8 years. Vastned Retail Belgium has also diversified its funding sources through the use of five European financial institutions.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the Management Committee and also in "Note 18. Non-current and current financial debts" in the financial report.

- Liquidity risk

  For the description of this risk and the way it is managed, please refer to the section entitled "Liquidity risk" in the description of the major risk factors and internal control and risk management systems in the Report of the board of directors.

  The bank credit agreements of Vastned Retail Belgium are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Vastned Retail Belgium or its financial interest charges. In order to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. On 31 December 2013, the property investment fund still had € 15 million in non-withdrawn credit lines with its lenders for the purpose of absorbing fluctuations in liquidity requirements.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the Management Committee as well in "Note 18. Non-current and current financial debts" of the Financial report.

- Interest rate risk

  For the description of this risk and the way it is managed, please refer to the section entitled 'Interest rate risk' in the description of the major risk factors and internal control and risk management systems in the Report of the board of directors.

  As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one third borrowed capital with a variable interest rate and two thirds borrowed capital with a fixed interest rate. Depending on the developments in interest rates, a derogation from this may occur. Furthermore, for long-term borrowed capital, a balanced spread of interest rate review dates and a minimum duration of 3 years are targeted. On 31 December 2013 the interest rates on the credit facilities of the property investment fund remain fixed for a remaining average duration of 3,3 years.

  More information on the composition of the credit portfolio of Vastned Retail Belgium can be found in the section entitled "Financial structure" in the Report of the Management Committee and also in "Note 18. Non-current and current financial debts" and "Note 11. Financial result" in the Financial report.

20 note Calculation of consolidated debt ratio

On 31 December 2013, the consolidated debt ratio amounts to 34 %.

in thousands €	Note	2013	2012
Non-current financial debts	18	113.712	89.517
Other non-current liabilities		109	118
Current financial debts	18	8.405	27.399
Trade debts and other current debts	17	2.576	2.971
Other current liabilities	17	175	210
Total liabilities for calculation of debt ratio		**124.977**	**120.215**
Assets		365.033	362.934
Financial fixed assets		-17	0
Total assets for calculation of debt ratio		**365.016**	**362.934**
Debt ratio		**34 %**	**33 %**

21 note Related parties

The company's related parties are its majority shareholder, its subsidiaries (see note 22) and its directors and members of the management committee.

Directors and members of the management committee

The remuneration for the directors and the members of the management committee are classified in the items "property management costs" and "general costs" (see notes 5 and 6). More details of the composition of the remuneration of the members of the management committee can be found in "Note 7. Employer benefits".

in thousands €	2013	2012
Directors	62	62
Members of the management committee	425	419
Total	**487**	**481**

The directors and members of the management committee do not receive additional benefits on the account of the company.

22 note

List of consolidated companies

Company name	Address	Enterprise identification number	Capital share (in %)	Minority interests in thousands €	
				2013	2012
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100 %	0	0
Total minority interests				**0**	**0**

23 note

Fees of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2013	2012
Including non-deductible VAT		
Fee statutory auditor for audit mandate	77	91
Fee for exceptional activities or special assignments within the company by the statutory auditor regarding other control assignments	11	0
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	**88**	**91**

24 note

Off-balance sheet obligations

On 31 December 2013 Vastned Retail Belgium has a potential off-balance sheet obligation regarding stability problems In its inner-city shop in Malines. Based on its contractual responsibility against its tenants, which does not fall under the public liability insurance, a possible indemnity may be due by Vastned Retail Belgium to Coolcat and H&M. Presently the responsibility of Vastned Retail Belgium has not been determined and the amount of the suffered damages is not yet known. At the end of October 2013 the legal expert has presented is preliminary report to the concerned parties. From this preliminary report can currently be concluded that Vastned Retail Belgium is not responsible for the stability problems.

Furthermore, on 31 December 2013 Vastned Retail Belgium has off-balance sheet obligations regarding financing. No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial Institutions do however demand that the investment fund continues to comply with the financial ratios as laid down by the Royal Decree on property invest ment funds. For the financing, the credit institutions generally require a coverage ratio of more than 2.

25 note Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2013.

H&M
Turnhout
1.269 m²

STATUTORY AUDITOR'S REPORT

VASTNED RETAIL BELGIUM SA, PUBLIC PROPERTY INVESTMENT FUND UNDER BELGIAN LAW

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 TO THE SHAREHOLDERS' MEETING

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Vastned Retail Belgium NV/SA, Public real estate investment fund under Belgian law ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 365,033 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 12,194 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Vastned Retail Belgium NV/SA, Public real estate investment fund under Belgian law, give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, 12 March 2014

The statutory auditor,

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by

Kathleen De Brabander

Statutory annual accounts Vastned Retail Belgium sa

The statutory annual accounts of Vastned Retail Belgium are prepared according to the IFRS-standards and in accordance with the Royal Decree of 7 December 2010.

The entire version of the statutory annual accounts of Vastned Retail Belgium, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.vastned.be) or on demand at the registered office.

The statutory auditor has issued an unqualified auditor's report on the statutory annual accounts of Vastned Retail Belgium sa.

Income statement

in thousands €	2013	2012
Rental income	21.399	21.913
Rental-related expenses	-32	-94
NET RENTAL INCOME	**21.367**	**21.819**
Recovery of rental charges and taxes normally payable by tenants on let properties	1.534	1.446
Charges and taxes normally payable by tenants on let properties	-1.534	-1.446
Other rental-related income and expenses	37	18
PROPERTY RESULT	**21.404**	**21.837**
Technical costs	-460	-837
Commercial costs	-215	-229
Charges and taxes on unlet properties	-168	-83
Property management costs	-1.202	-1.200
Other property charges	-204	-228
PROPERTY CHARGES	**-2.249**	**-2.577**
OPERATING PROPERTY RESULT	**19.155**	**19.260**
General costs	-1.047	-1.030
Other operating income and costs	77	60
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**18.185**	**18.290**
Result on disposals of investment properties	273	918
Changes in fair value of investment properties	-2.986	6.628
Other result on portfolio	-131	64
OPERATING RESULT	**15.341**	**25.900**
Financial income	190	248
Net interest charges	-4.883	-5.209
Other financial charges	-11	-7
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	1.586	-2.090
Changes in fair value of financial fixed assets	4	-146
FINANCIAL RESULT	**-3.114**	**-7.204**
RESULT BEFORE TAXES	**12.227**	**18.696**
Taxes	**-33**	**-32**
NET RESULT	**12.194**	**18.664**

Income statement (continued)

in thousands €	2013	2012
NET RESULT	**12.194**	**18.664**
Note:		
Operating distributable result	13.448	13.290
Result on portfolio	-2.844	7.610
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	1.590	-2.236

RESULT PER SHARE	Note	2013	2012
Number of shares entitled to dividend	13	5.078.525	5.078.525
Net result (€)	13	2,40	3,68
Diluted net result (€)	13	2,40	3,68
Operating distributable result (€)	13	2,65	2,62

Statement of comprehensive income

in thousands €	2013	2012
NET RESULT	**12.194**	**18.664**
Other components of comprehensive income (recyclable through income statement)		
Changes in the effective part of fair value of allowed hedging instruments subject to hedge accounting	1.499	525
COMPREHENSIVE INCOME	**13.693**	**19.189**

Appropriation of result

in thousands €	2013	2012
NET RESULT	**12.194**	**18.664**
○ Allocation to / transfer from reserves for the balance of changes in fair value[15] of investment properties		
• Financial year	2.895	-6.893
• Realisation real estare properties	-115	-646
○ Allocation to / transfer from the reserves of the impact on the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	63	-70
○ Allocation to / transfer from the reserves for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting	-1.586	2.090
○ Allocation to / transfer from other reserves	-3	146
○ Transfer from results carried forward from previous financial years	10	15
Remuneration of capital	**13.458**	**13.306**

(15) Based on the changes in investment value of investment properties.

Balance sheet

ASSETS in thousands €	31.12.2013	31.12.2012
Non-current assets	**360.417**	**357.896**
Intangible assets	7	4
Investment properties	358.818	356.278
Other tangible assets	560	602
Financial fixed assets	1.029	1.009
Trade receivables and other non-current assets	3	3
Current assets	**4.568**	**4.983**
Assets held for sale	0	1.999
Trade receivables	173	244
Tax receivables and other current assets	1.898	2.007
Cash and cash equivalents	1.853	212
Deferred charges and accrued income	644	521
TOTAL ASSETS	**364.985**	**362.879**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2013	31.12.2012
Shareholders' equity	**235.467**	**235.080**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	121.877	115.020
Net result of the financial year	12.194	18.664
Liabilities	**129.518**	**127.800**
Non-current liabilities	**116.927**	**94.633**
Non-current financial debts	113.712	89.517
Credit institutions	*113.700*	89.500
Financial lease	*12*	17
Other non-current financial liabilities	3.106	4.998
Other non-current liabilities	109	118
Current liabilities	**12.591**	**33.167**
Current financial debts	8.405	27.399
Credit institutions	8.400	27.394
Financial lease	5	5
Other current financial liabilities	521	1.697
Trade debts and other current debts	2.574	2.939
Other current liabilities	175	210
Accrued charges and deferred income	916	922
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**364.985**	**362.879**

DEBT RATIO	31.12.2013	31.12.2012
Debt ratio (max. 65 %)	34 %	33 %

NET ASSET VALUE PER SHARE in €	31.12.2013	31.12.2012
Net asset value (fair value)	46,37	46,29
Net asset value (investment value)	48,12	48,06
Net asset value EPRA	47,08	47,61

General information

Rituals
Antwerp
140 m²

Identification

Name

Vastned Retail Belgium sa, public property investment fund with fixed capital under Belgian law, or "property investment fund" / "sicafi" under Belgian law.

Registered office

Uitbreidingstraat 18, 2600 Berchem - Antwerp.

Enterprise identification number

The company is registered at the Central Enterprise Database under the enterprise identification number 0431.391.860.

Legal form, formation, publication

The limited liability company was founded by deed, executed before the civil-law notary André van der Vorst, in Elsene, on 15 June 1987, as published in the appendices to the Belgian Official Gazette of Orders and Decrees of 9 July 1987 under no. 870709-272.

Since 22 December 1998, the company has been recognised as a "property investment fund with fixed capital under Belgian law", or a "sicafi" under Belgian law for short, which is registered with the Financial Services and Markets Authority (FSMA).

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 6,2° of the Act of 3 August 2012 relating to certain forms of collective management of investment portfolios.

The company opted for the investment category specified in article 7, first subsection, 5° of the aforementioned Act of 3 August 2012.

The company draws publicly on the savings system in the sense of article 438 of the Belgian Companies Code.
The articles of association were last amended on 24 April 2013, whereby the name of the company has been changed from "Intervest Retail" in "Vastned Retail Belgium". This amendment of the articles of association has been published in the Annexes to the Belgian Official Gazette of 13 May 2013 under number 2013-05-13 / 0072429.

Duration

De vennootschap is opgericht voor onbepaalde duur.

Aim of the company

Article 4 of the articles of association

The sole purpose of the company is the collective investment in immovable properties.

The company's primary activity is therefore the investment in immovable properties, i.e.,

- immovable properties as it is defined in articles 517 et seq. of the Belgian Civil Code
- in rem rights to immovable properties
- voting shares issued by real estate companies managed exclusively or jointly by the company
- option rights to real estate properties
- shares of public or institutional property investment funds, provided that the latter are jointly or exclusively managed
- units in foreign institutions for collective property investment registered on the list referred to in article 149 of the Act of 3 August 2012 on certain forms of collective management of investment portfolios
- units in institutions for collective property investment located in another member state of the European Economic Area and which are not registered on the list referred to in article 149 of the Act of 3 August 2012 on certain forms of collective management of investment portfolios, insofar as they are subject to a similar control as public property investment funds
- property certificates as defined in article 5 § 4 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market; rights arising from contracts under which one or more properties have been placed under an immovable rental arrangement or any other similar rights of usufruct have been granted, as well as all other properties, shares or rights defined as immovable property by the aforementioned law or implementing orders; or all other activities permitted by the regulation that applies to the company.

The company may on an incidental basis engage in transactions and conduct studies related to all the forms of real estate described above, and it may perform all real estate-related activities, such as the purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership, and associating - within allowable limits - with all businesses having an object similar or complementary to its own, by way of merger or otherwise, insofar as these actions are permitted by the regulation applicable to property investment funds and, generally speaking, all actions engaged in are directly or indirectly associated with its object.

Pursuant to article 51 of the Royal Decree of 7 December 2010 on property investment funds, the company may only act as a property developer for occasional transactions. The company may also lease real estate without an option to purchase, and, on an incidental basis with an option to purchase, pursuant to article 37 of the Royal Decree of 7 December 2010 on property investment funds.

The company may also, on an incidental basis, invest in securities that are not considered to be property and hold non-allocated liquid assets pursuant to article 34, § 2 and article 35 of the Royal Decree of 7 December 2010 on property investment funds.

The company may also buy or sell hedging instruments, with the exception of speculative transactions, pursuant to article 34, § 3, of the Royal Decree of 7 December 2010 on property investment funds.

These investments must be diversified in order to ensure a suitable risk spread. These investments must also be carried out pursuant to the criteria defined by the Royal Decree of 4 March 1991 on certain collective investment institutions. In the event that the company were to own these types of securities, it must coincide with the short or medium-term continuation of the company's investment policy, and the securities must additionally be listed on the stock exchange of a Member State of the European Union, the NYSE, the NASDAQ, or on a Swiss exchange.

It may own liquid assets in any currency in the form of a demand deposit account or term deposit account, or in the form of any other easily negotiable monetary instrument. The company may borrow securities in accordance with the provisions allowed by law.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Inspection of documents

- the articles of association of Vastned Retail Belgium sa are available for inspection at the Office of the Clerk of the Commercial Court in Antwerp, and at the company's registered office
- the annual accounts are filed with the balance sheet centre of the National Bank of Belgium
- the annual accounts and associated reports are sent annually to holders of registered shares and to any other person who requests them
- the resolutions relating to the appointment and dismissal of the members of the company's bodies are published in the appendices to the Belgian Official Gazette
- financial announcements and notices convening the general meetings are published in the financial press
- important public company documents are available on the website: www.vastned.be.

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company's registered office.

Extract from the articles of association[16]

Capital - shares

Article 7 - Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 97.213.233,32 for a period of five years starting from the publication in the Appendices to the Belgian Official Gazette of the relevant power of authorisation of the general meeting. This authorization is renewable.

The board of directors is authorised to increase the nominal capital by monetary contribution or contribution in kind, if applicable through incorporation of the reserves or issue premiums, or by issuing convertible bonds or warrants, under regulations provided for by the Belgian Companies Code, these articles of association and article 13 of the Royal Decree of 7 December 2010 on property investment funds. This authorization is only related to the amount of the nominal capital and not to the issue premiums.

For every capital increase, the board of directors shall set the price, any share issue premium and

(16) These articles are not the complete or the literal reproduction of the articles of association.
The complete articles of association can be consulted on the company's registered office and on the website www.vastned.be.

the conditions of issuance of the new shares, unless the general meeting should decide otherwise.

Article 8 - Nature of the shares

The shares are bearer or registered shares or in dematerialized form. The shares already issued in the sense of articles 460, first paragraph of the company code, which are bearer shares and put on securities account, exist in dematerialised form.

The bearer shares can be issued as single shares or collective shares. The collective shares represent several single shares in accordance with a form to be specified by the board of directors. They can be split into sub-shares at the sole discretion of the board of directors. If combined in sufficient number, even if their numbers correspond, these sub-shares offer the same rights as the single share.

Each holder of single shares can have his/her shares exchanged by the company for one or more bearer collective shares representing these single securities, as he/she sees fit; each holder of a collective share can have these securities exchanged by the company for the number of single shares that they represent. The holder will bear the costs of this exchange.

Each bearer security can be exchanged into registered securities or securities in dematerialised form and vice versa at the shareholder's expense.

A record of the registered shares, which each shareholder is entitled to inspect, is maintained at the company's registered office. Registered subscription certificates will be issued to the shareholders.

Possession

Article 11 - Transparency regulations

All natural persons or legal entities who acquire or surrender shares or other financial instruments with voting rights granted by the company, regardless of whether these represent the capital, are obliged to inform both the company and the Financial Services and Markets Authority of the number of financial instruments in their possession, whenever the voting rights connected with these financial instruments reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

Besides the legal threshold mentioned in the previous paragraph, the company also provides for a statutory threshold of (3 %).

This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

Administration and supervision

Article 12 - Composition of board of directors

The company is managed by a board of directors consisting of at least three directors, who may or may not be shareholders. They will be appointed for a maximum of six years by the general meeting of shareholders, and their appointment may be revoked at any time by the latter.

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

In application of what is determined by article 9, § 1, of the Royal Decree of 7 December 2010 relating to property investment funds, the board of directors is composed in such way that the company can be managed autonomously and in the sole interest of the shareholders. Three independent directors within the meaning of article 526ter of the Belgian Companies Code have to sit on the board of directors.

Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among its partners, business managers, directors or employees a permanent representative to be charged with the performance of that mandate on behalf of and for the account of the legal entity in question. That representative must satisfy the same conditions and is liable under civil law and responsible under criminal law as if he himself were performing the mandate in question on his own behalf and on his own account, without prejudice to the joint and several liability of the legal person whom he represents. That legal entity may not dismiss his representative without at the same time naming a successor.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 6° and article 11 of the Royal Decree of 7 December 2010 relating to property investment funds. They may not fall under the application of the prohibitions referred to in article 19 of the law of 22 March 1993 related to the statute for and supervision of credit institutions.

Article 15 - Delegation of authority

In application of article 524bis of the Belgian Companies Code, the board of directors can put together an management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Companies Code. If an management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If a management committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no executive committee is appointed, the board of directors can only delegate day-to-day management of the company to a minimum of two persons, who must be directors.

The board of directors, the executive committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the Act of 3 August 2012 in the form of collective management of investment portfolios, and its implementating decrees.

Article 17 - Conflicts of interest

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by the Royal Decree of 7 December 2010 relating to property investment funds, by the Belgian Companies Code as where appropriate they may be amended.

Article 18 - Auditing

The task of auditing the company's transactions will be assigned to one or more statutory auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audits (audit) and certifies (certify) the accounting information contained in the company's annual accounts. At the request of the Financial Services and Markets Authorities, he (she) also confirms the accuracy of the information that the company has presented to the Financial Services and Markets Authorities in application of article 96 of the Act of 3 August 2012.

General meetings

Article 19 - Meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the last Wednesday of April at 2.30 p.m.

If this day is a public holiday, the meeting will be held on the next working day.

At any time an extraordinary general meeting can be convened to deliberate and decide on any matter belonging to its competence and which does not contain any modification of the articles of association.

At any time an extraordinary general meeting can be convened to deliberate and decide, before a notary.

The general meetings are held at the company's registered office or at another location in Belgium, as designated in the notice convening the meeting.

Article 22 - Participation to the general meeting

To be admitted to general meeting and to express a vote, depends on the accounting registration of bearer shares of the shareholder on the fourteenth day prior to the general meeting at midnight (Belgium time) (name hereinafter "registration date"), either by subscription to the register of bearer shares of the company, either by subscription by an authorised account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the amount of shares held by the shareholder on the day of the general meeting.

Owners of dematerialised shares or bearer shares informing the company of their wish to attend, must provide a certificate that have been that has been filed with a financial intermediary or authorised account holder, attesting the number of dematerialised shares that have been registered in their accounts on the registration date in the name of the shareholder or the number of bearer shares that have been registered, attesting that the shareholder wish to attend the general meeting. This filing have to be done at latest the sixth day prior to the general meeting date at the registered office or at the institutions mentioned in the invitation.

Owners of nominative shares communicate their wish to participate to the company, by ordinary mail, fax or e-mail at least the sixth day before the date of the general meeting.

Article 26 - Voting rights

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been designated in writing byall the authorised persons. Until such a person is designated, all of the rights connected with these shares remain suspended.

If a share is encumbered with a usufruct, the voting rights connected with the share are exercised by the usufructuary, unless there is an objection from the bare owner.

Appropriation of the result

Article 29 - Appropriation of profit

The company distributes annually as capital at least 80 % of the in Chapter III of Annex C of the Royal Decree of 7 December 2010 relating to property investment funds fixed amount as remuneration of the share capital. This obligation is not detrimental to article 617 of the Belgian Companies Code. Besides, the clauses recorded in article 27 of the Royal Decree of 7 December 2010 relating to property investment funds have to be respected.

Statutory auditor

On 24 April 2013, Deloitte Réviseurs d'Entreprises sc under the form of a SCRL, which is represented by Kathleen De Brabander, Berkenlaan 8b - 1831 Diegem, has been reappointed as statutory auditor of Vastned Retail Belgium. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2016.

The remuneration of the statutory auditor amounts to € 58.000 (excl. VAT, incl. costs) a year from the financial year that started on 1st January 2013 for the auditing of the statutory and consolidated annual accounts of the property investment fund.

Liquidity provider

Since December 2001, a liquidity contract has been concluded with Bank Degroof, rue de l'Industrie 44, B-1000 Brussels, to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

The remuneration has been set at a fixed amount of € 1.000 a month.

Property experts

The property experts designated by Vastned Retail Belgium are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Kris Peetermans.
- de Crombrugghe & Partners, 1160 Brussels, avenue Herrmann-Debroux 54. The company is represented by Guibert de Crombrugghe.
- CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Peter de Groot.

In accordance with the Royal Decree of 7 December 2010, they value the portfolio four times a year.

The fee of the property experts is calculated on the basis of an annual fixed amount per building.

Property investment fund - legal framework

The investment fund system is formalised in the Royal Decree of 7 December 2010 relating to property investment funds to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT-USA) and the Fiscal Investment Institutions (FBI-Netherlands).

It is the legislator's intention that property investment funds guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a wide range of benefits.

The property investment fund is monitored by the Financial Services and Markets Authority and is subject to specific regulations, the most notable provisions of which are as follows:

- adopt the form of a limited liability company or a limited partnership with a share capital with a minimum capital of € 1.200.000
- a company with fixed capital and a fixed number of shares
- compulsory listing on the stock exchange with at least 30 % of the shares in public hands
- limited possibility for concluding mortgages
- a debt ratio limited to 65 % of the total assets; if the consolidated debt ratio exceeds 50 %, a financial plan has to be drawn up
- annual financial interest charges resulting from borrowings may under no circumstances exceed the threshold of 80 % of the operating distributable result before result on portfolio increased with the financial income of the property investment fund
- strict rules relating to conflicts of interests
- the portfolio must be recorded at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent property experts, subject to rotation every three years
- risks spread: a maximum of 20 % of capital in one building, except certain exceptions
- a property investment fund may not engage itself in "development activities"; this means that the property investment fund cannot act as a building promoter aiming to erect buildings in order to sale them and to cash a developer's.
- profit exemption from corporation tax provided that at least 80 % of the operating distributable result are distributed
- a withholding tax of 25 % to be deducted upon payment of dividends (subject to certain exemptions). Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions)
- the opportunity to establish subsidiary companies which take the form of an 'institutional property investment fund' which must operate under the exclusive or joint control of the public property investment fund in order to be able to implement specific projects with a third (institutional or professional investor)
- at least three independent directors in the sense of Article 526ter of the Belgian Companies Code sit on the board of directors
- the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public property investment fund or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable fee is determined according to the result, only the consolidated operating distributable result may be used as basis for this.

The aim of these rules is to minimise the risk for shareholders.

Companies that merge with a property investment fund are subject to a tax (exit tax) of 16,995 % on deferred added values and tax-free reserves.

Statement to the annual report

Pursuant to 13 § 2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), EMSO Sprl permanently represented by Chris Peeters, Nick van Ommen, Hubert Roovers, Taco de Groot and Tom de Witte, declares that according to its knowledge:

a. the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the Royal Decree of 7 December 2010, give a true and fair view of the equity, the financial position and the results of Vastned Retail Belgium and the companies included in the consolidation.

b. the annual report gives a true statement of the development and results of Vastned Retail Belgium during the current year and of the position of the property investment fund and the companies included in the consolidation, as well as of the main risks and uncertainties that Vastned Retail Belgium is confronted with.

Terminology

Acquisition value of an investment property

This term is used at the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

Corporate governance

Corporate governance is an important instrument for constantly improving the management of the property investment fund and to protect the interest of the shareholders.

Current rents

Annual rent on the basis of the rental situation on a certainmoment in time.

Debt ratio

The debt ratio is calculated as the relation of all liabilities (excluding provisions and accrued charges and deferred income) less the negative change in fair value of financial instruments, compared to total assets. The calculation method of the debt ratio is pursuant to article 27 § 1-2° of the Royal Decree of 7 December 2010. By means of this Royal Decree the maximum debt ratio of property investment funds is 65 %.

Diluted net result

The diluted net result per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares, adapted to the effect of potential ordinary shares leading to dilution.

Fair value of investment properties (in accordance with Beama interpretation of IAS 40)

This value is equal to the amount at which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, they should be understood as involving the deduction of registration fees.

In practice, this means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

Free float

Free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

Gross dividend

The gross dividend per share is the distributable operating result divided by the number of shares.

Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

Gross initial yield

The gross initial yield is calculated as the relation between rental income on an annual basis on the acquisition date of the investment property and the investment value of the investment property.

Gross market rent

The gross market rent comprises the current rents increased by the estimated rental value of vacant properties.

Gross yield

The gross yield is calculated as the relation between gross market rent and the investment value of investment properties.

Investment value of an investment property

This is the value of a building estimated by an independent property expert, and including the transfer costs without deduction of the registration fee. This value corresponds to the formerly used term "value deed in hand".

Liquidity of the share

The ratio between the number of shares traded daily and the number of capital shares.

Net asset value (investment value)

Total shareholders' equity increased with the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares.

Net asset value (fair value)

Total shareholders' equity divided by the number of shares.

Net asset value EPRA

Total shareholders' equity, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares.

Net dividend

The net divided is equal to the gross dividend after deduction of withholding tax of 25 %.

Net dividend yield

The net dividend yield is equal to the net dividend divided by the share price on closing date.

Net result per share

The net result per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares (i.e. the total amount of issued shares less the own shares) during the financial year.

Net yield

The net yield is calculated as the relation between the gross market rent, less the allocated property charges, and the investment value of investment properties.

Occupancy rate

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.

Operating distributable result

The distributable operating result is the operating result before the result on portfolio less the financial result and taxes, and exclusive the change in fair value of financial derivatives (which are not considered as effective hedge in accordance with IAS 39) and other non-distributable elements on the basis of the statutory annual accounts of Vastned Retail Belgium.

Vacancy rate

The vacancy rate is calculated as the relation between the estimated rental value of the vacant properties increased by commercial rental income.

Yield

The yield is calculated as the ratio between the rental income (increased or not by the estimated rental value of vacant locations for rent) and the investment value of investment properties.

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