

BOARD REPORT VASTNED RETAIL

with respect to

the Joint Merger Proposal

between

Vastned Retail N.V.

and

Vastned Belgium NV

17 June 2024

RECITALS

- A. On 15 May 2024, **Vastned Retail N.V.**, a public limited liability company existing and organised under Dutch law (hereafter "**VNL**") and **Vastned Belgium NV**, a public limited liability company and public regulated real estate company (RREC) existing and organised under Belgian law (hereafter "**VBE**" and, together with VNL, "**Vastned**") entered into a merger protocol (the "**Merger Protocol**") for the implementation of a reverse cross-border merger in which VNL would merge with and into VBE (the "**Merger**") together with the payment of certain dividends in connection with the Merger.
- B. This board report (*toelichting bij het fusievoorstel*) (the "**Board Report**") within the meaning of section 2:313 paragraph 1 and section 2:333f of the Dutch Civil Code (the "**DCC**") has been prepared by the executive board of VNL.
- C. This Board Report should be read in conjunction with the common draft terms of the cross-border merger between VNL and VBE, dated 17 June 2024 (*fusievoorstel*) (the "**Joint Merger Proposal**"), which is available on the websites of VNL and VBE and at their respective offices.

DECLARE

CHAPTER 1: GENERAL (AND FOR BOTH SHAREHOLDERS AND EMPLOYEES)

REASONS FOR THE MERGER

Article 1

The executive board and supervisory board of VNL (the "**VNL Boards**") have carefully evaluated the Merger Protocol and the transactions contemplated thereby. On 15 May 2024, the VNL Boards unanimously approved the terms and conditions of the Merger Protocol and the performance of VNL's obligations thereunder. The VNL Boards unanimously support the Merger and recommend the VNL shareholders to vote in favor of the Merger.

In the course of reaching their respective decisions on 15 May 2024, the VNL Boards consulted with VNL's senior management and its financial, legal and tax advisors and considered a variety of substantive factors, both positive and negative, and the potential benefits and detriments of the Merger to VNL and VNL's stakeholders.

The VNL Boards believe that there is a compelling strategic and financial rationale for the Merger, including:

- Simplification - Organizational simplification improving efficiency of VNL, VBE and their subsidiaries (the "**Vastned Group**") with only one listed entity, single management, simplified governance and reduction of the legal and regulatory requirements applicable to the Vastned Group;
- Operational Synergies - Expected future recurring annual general cost savings of approx. EUR 2.0 – 2.5 million due to the structure simplification and unification of the Vastned Group, which are expected to outweigh the increased fiscal costs from upstreaming profits from subsidiaries to Belgium instead of to the Netherlands;

- Optimized debt financing - With the combined entity being headquartered in Belgium and qualifying as a public regulated real estate company (RREC), the Vastned Group will be able to attract debt at one combined level of the organization, leading to more favorable financing conditions;
- Increased liquidity and analyst coverage - Potential to reach a market cap of EUR 500M+, triggering more interest of international institutional investors and an expected increase of free float and stock liquidity. A larger and more liquid share capital makes Vastned more appealing to equity analysts and with more prominent capital markets attention Vastned enhances its access to equity and debt capital markets;
- Belgian REIT platform - As a single platform under Belgium's public RREC regime, Vastned will be well recognized across Europe as part of the established BE-REIT ecosystem and will be able to benefit from corresponding low-cost capital, taking into account that the FII regime with respect to Dutch property will be abolished;
- Ability to grow - Vastned will no longer be constrained by the sub-optimal corporate structure and, combined with easier access to capital markets, this is expected to enable Vastned to establish a growth strategy and to be able to pursue accretive investment opportunities in its selected markets; and
- More portfolio diversification - Vastned shareholders will benefit from higher portfolio diversification, with a mix of higher-yielding out-of-town assets as well as super-prime inner-city assets located in very attractive locations.

MERGER

Article 2

The legal, economic and social aspects of the Merger are discussed below.

2.1 Legal Aspects

Combination of companies – At the effective time of the Merger (the "**Merger Effective Time**"), VNL will merge with and into VBE and as a result thereof VNL shall cease to exist. As from the Merger Effective Time, VBE will be renamed to "Vastned".

All of VNL's assets and liabilities are acquired by VBE by operation of law – At the Merger Effective Time, all assets and liabilities and legal relationships of VNL will be acquired by VBE under universal succession of title (*onder algemene titel*), which will automatically substitute VBE in all the rights and obligations of VNL.

Allotment of VBE Shares – At the Merger Effective Time, (i) each ordinary share in the capital of VNL (a "**VNL Share**") held in treasury by or for the account of VNL, each VNL Share held by or for the account of VBE, if any, and each VNL Share for which a withdrawal right in accordance with article 2:333h (1-5) DCC has been exercised will be cancelled (*vervallen*) by operation of law and (ii) for each issued and outstanding VNL Share for which no withdrawal right has been exercised, 0.839 ordinary share in the capital of VBE (each ordinary

share (in the capital) of VBE, a "**VBE Share**") will be allotted (the "**Exchange Ratio**") resulting in holders of such VNL Shares becoming shareholders of VBE instead.

No fractional VBE Shares – No fractional VBE Shares will be issued. Instead, an intermediary appointed by VBE shall aggregate all fractional entitlements and sell the corresponding VBE Shares on behalf of all holders who would otherwise have been entitled to receive a fractional VBE Share in the market for cash, and subsequently distribute the net cash proceeds to such holders proportionate to each such holder's fractional entitlements.

Admission to listing and trading – Vastned shall take all necessary actions to cause the VBE Shares issuable pursuant to the Merger to be approved for admission to listing and trading on Euronext Brussels and to cause the VBE Shares to be approved for admission to listing and trading on Euronext Amsterdam.

Treasury VBE Shares – The VBE Shares held by VNL will not be cancelled. At the Merger Effective Time, those VBE Shares will be transferred to VBE and therefore become treasury VBE Shares.

Creditor protection – The interests of creditors of VNL are safeguarded by the procedure set out in the Joint Merger Proposal, pursuant to which creditors of VNL may during a period of three months oppose to the Joint Merger Proposal. As regards the consequences for creditors, it is the opinion of the executive board of VNL that the Merger does not endanger the proper payment of their claims.

2.2 Economic Aspects

Tax – Because VBE is a company under the laws of Belgium, the Merger may result in changes for the shareholders of VNL in their tax position or otherwise with respect to tax matters. Shareholders of VNL are advised to consult their tax advisors regarding the tax consequences of the Merger and, if applicable, the exercise of a withdrawal right.

Distributions – In connection with the Merger (and subject to the Merger Protocol not having been terminated in accordance with its terms prior thereto), the following dividends will be declared and paid:

- VNL will declare and pay an interim dividend of EUR 1.70 per VNL Share in December 2024 (with no interim dividend to be declared and paid by VNL in August 2024);
- VBE will declare and pay an interim dividend of EUR 2.30 per VBE Share in December 2024; and
- VBE will declare an additional dividend of EUR 1.00 per VBE Share, to be paid to its pre-Merger shareholders in January 2025 with an ex-date in December 2024 (the "**VBE Special Distribution**").

Pro-forma post-Merger ownership VBE – Assuming no exercise of withdrawal rights or sale of VBE Shares in relation to fractional entitlements, the Merger would result in VNL shareholders owning approximately 89.1% of the combined company's outstanding equity and VBE shareholders owning the remaining approximately 10.9%.

Head office – As from the Merger Effective Time, the head office and decision-making centre of the Vastned Group will be based in Belgium. It is intended that the Vastned Group will continue the current activities in the Netherlands, Belgium, France and Spain.

Other economic aspects of the Merger are described in Article 1 (*Reasons for the Merger*) of this Board Report.

2.3 Social Aspects

Social aspects of the Merger are described in Chapter 3 of this Board Report.

CHAPTER 2: PART OF THE BOARD REPORT FOR SHAREHOLDERS

DETERMINATION OF THE EXCHANGE RATIO

Article 3

3.1 Methods used for the determination of the Exchange Ratio

In the Merger, VBE will allot 0.839 VBE Share for each issued and outstanding VNL Share for which no withdrawal right has been exercised.

In establishing that Exchange Ratio, VNL has carefully considered various methodologies for determining the implied value of both VNL and VBE, including reported financial information and financial performance. VNL has used the following methods in determining the Exchange Ratio.

Initially, VNL analysed the exchange ratios resulting from different methods, to determine the contribution of each of VNL and VBE to the combined company under the exchange ratios, and to assess the impact of the exchange ratios on pre-Merger shareholders of both companies. VNL considered the following methods:

1. **Share prices**, whereby the exchange ratio would be determined based on the share prices, as provided daily by Euronext Amsterdam and Euronext Brussels, of both VNL and VBE respectively at a certain date prior to entering into the Merger Protocol.
2. **IFRS NAV**, whereby the exchange ratio would be determined based on the relative valuation of each of VNL and VBE based on the reported IFRS net asset value.
3. **EPRA NTA**, whereby the exchange ratio would be determined based on the last reported EPRA Net Tangible Assets ("**EPRA NTA**") of both VNL and VBE. EPRA NTA is an internationally recognised industry-standard valuation method of a real estate company's net asset value on a going-concern basis as defined in the Best Practices Recommendations Guidelines by the European Public Real Estate Association.
4. **Rolled-forward EPRA NTA**, whereby the exchange ratio would be determined based on the expected EPRA NTA at the envisaged Merger Effective Time, which would be estimated by taking the last reported EPRA NTA for each of VNL and VBE with adjustments for expected movements based on among others internal management business plans for the year 2024 of both VNL and VBE.

5. **Adjusted rolled-forward EPRA NTA**, whereby the exchange ratio would be determined based on the rolled-forward EPRA NTA for each of VNL and VBE, adjusted for elements not recognised in the (rolled-forward) EPRA NTA that do affect the value contributed by shareholders of each of VNL and VBE, such as the fair value of derivatives, the fair value of fixed-rate debt and certain off-balance sheet liabilities.

The considered methods include the approaches taken in recently announced mergers of publicly listed real estate companies.

VNL and VBE agreed on determining the exchange ratio based on the adjusted rolled-forward EPRA NTA of each of VNL and VBE, which is based on the reported EPRA NTA of VNL and VBE as at 31 December 2023, and for each of VNL and VBE adjusted for:

1. the final dividend for the 2023 financial year paid in 2024;
2. the fair value of fixed-rate debt and financial derivatives and certain off-balance sheet liabilities; and
3. the property investments or divestments occurring or expected to occur in 2024, expected movement in property portfolio valuation as per 30 June 2024, the expected total result for the 2024 financial year, and the interim dividend to be paid in December 2024.

For verification purposes, VNL and VBE also reviewed and considered the potential pro forma financial effects on the estimated earnings per share for both VNL and VBE shareholders for the years 2025 and 2026, using an effective date of 1 January 2025 (the "**Merger Date**"). These estimates also included the estimated EUR 2.0 – 2.5 million annual general cost synergies that are expected to be realised as a result of the Merger and the expected financing synergies. On the basis of this analysis, it was concluded that, due to different return profiles of VNL and VBE, the transaction would result in a temporary earnings per share and dividend per share dilution for pre-Merger VBE shareholders. By way of mitigation of this temporary effect, it was agreed between VNL and VBE that VBE would declare the VBE Special Distribution. In determining the Exchange Ratio, the adjusted rolled-forward EPRA NTA of VBE was not lowered with the amount of the VBE Special Distribution.

3.2 Valuation resulting from used valuation method

The method used to determine the Exchange Ratio described in Article 3.1 of this Board Report leads to the following valuation, based on the last reported EPRA NTA as at 31 December 2023 and for each of VNL and VBE adjusted as described in Article 3.1 of this Board Report: EUR 630.7 million for VNL and EUR 222.5 million for VBE.

3.3 Appropriateness of method

VNL considers the method and considerations described in Article 3.1 of this Board Report to determine the Exchange Ratio appropriate.

3.4 No relative importance attributed to multiple valuation methods

Only one valuation method was applied to determine the Exchange Ratio as described in Article 3.1 of this Board Report.

3.5 No particular difficulties in valuation and determining the Exchange Ratio

No particular difficulties arose in the valuation, nor in determining the Exchange Ratio.

CASH COMPENSATION

Article 4

4.1 Rights and remedies

If the resolution to effect the Merger is adopted at an extraordinary general meeting of VNL (the "**VNL EGM**"), each shareholder of VNL who voted against that resolution and who does not wish to receive VBE Shares pursuant to the Merger may exercise a withdrawal right by filing a request (a "**Withdrawal Request**") with VNL for a cash compensation (the "**Cash Compensation**") within one month after the date of the VNL EGM. A shareholder of VNL who has voted in favor of the resolution to effect the Merger at the VNL EGM, abstained from voting, or was not present or represented at the VNL EGM, does not have any withdrawal right. A Withdrawal Request may only be made in respect of VNL Shares that such shareholder (i) held at the record date of the VNL EGM and in respect of which such shareholder voted against the resolution to effect the Merger and (ii) still holds at the time the Withdrawal Request is filed. A Withdrawal Request must be made using the form that will be made available for that purpose on VNL's website at <https://vastned.com/merger-documents/>. This form also contains further information on the withdrawal right.

Any VNL shareholder who has submitted a Withdrawal Request and who considers that the proposed Cash Compensation is not reasonable may request additional cash compensation in accordance with article 2:333h (4-5) DCC. A VNL Shareholder who does not have the possibility to submit a Withdrawal Request or who has not submitted a Withdrawal Request and who considers that the proposed Exchange Ratio is not reasonable, may seek a cash payment by requesting that the Exchange Ratio be redetermined in accordance with article 2:333h (6-7) DCC.

4.2 Cash Compensation and methods used for its determination

The proposed Cash Compensation per VNL Share is equal to the volume weighted average price of a VNL Share on Euronext Amsterdam in the last five trading days prior to (and excluding) the Merger Date. Any Cash Compensation will be paid, or procured to be paid, by VBE within ten (10) business days following the Merger Date, net of any Dutch dividend withholding tax or other taxes that are required to be withheld.

4.3 Valuation resulting from used valuation method

The method used to determine the Cash Compensation leads to a valuation of VNL, as at the moment immediately preceding the Merger, equal to the aggregate number of issued and outstanding VNL Shares at that time multiplied by the volume weighted average price of a VNL Share on Euronext Amsterdam in the last five trading days prior to (and excluding) the Merger Date.

4.4 Appropriateness of method

VNL considers the method in Article 4.2 of this Board Report to determine the Cash Compensation appropriate.

4.5 No relative importance attributed to multiple methods

Only one method was applied to determine the Cash Compensation as described in Article 4.2 of this Board Report.

4.6 No particular difficulties in valuation and determining the Cash Compensation

No particular difficulties arose in the valuation, nor in determining the method used in determining the Cash Compensation.

4.7 Consequences of the Merger for the VNL shareholders

The consequences of the Merger for the VNL shareholders are described in Chapter 2 of this Board Report.

CHAPTER 3: PART OF THE BOARD REPORT FOR EMPLOYEES

CONSEQUENCES FOR EMPLOYMENT RELATIONSHIP

Article 5

To the extent there would be any employment contracts entered into by VNL with employees within the meaning of article 7:610 DCC immediately prior to the Merger Effective Time (which there are not at the date of this Board Report), such employment contracts will automatically transfer to VBE with effect from the Merger Effective Time unless terminated in accordance with their terms and applicable law. VBE shall respect the existing employment terms and conditions of the VNL employees.

LOCATION OF PLACES OF BUSINESS

Article 6

To the extent there would be any VNL employees immediately prior to the Merger Effective Time (which there are not at the date of this Board Report), the main location where VNL employees carry out their activities shall not change as a result of the Merger. However, as from the Merger Effective Time the head office and decision-making centre of the Vastned Group will be based in Belgium.

IMPLICATION FOR VNL SUBSIDIARIES

Article 7

The factors mentioned above in Article 5 and Article 6 of this Board Report do not affect any subsidiaries of VNL (other than VBE) at the Merger Effective Time. It is envisaged though that, in connection with the Merger, the employment agreements with four employees of a subsidiary of VNL (who are already aware thereof) will be terminated. And, as from the Merger Effective Time, the head office and decision-making centre of the Vastned Group will be based in Belgium.

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Signature page to board report of Vastned Retail N.V. to Joint Merger Proposal

Executive board of Vastned Retail N.V.:

/s/ Reinier Walta

Name : Reinier Walta
Title : Managing director and CEO

/s/ Reinier Walta

Vastned Management B.V.
Name : Reinier Walta
Title : Managing director