Financial accounting principles

Vastned NV (hereinafter the “Company” or formerly, until December 31, 2024, “Vastned Belgium”) is a public regulated real estate company (RREC) governed by the RREC legislation and having its registered office in Belgium, in Antwerp. The Company’s shares are listed on NYSE Euronext Brussels under the code VASTB as at 31 December 2024. The consolidated financial statements for the financial year ending on 31 December 2024 include the Company and its perimeter companies (the “Group”).

The consolidated financial statements for the financial year 2024 were authorized for issue by the board of directors on 26 March 2025, subject to the approval of the statutory non-consolidated financial statements by the shareholders at the Annual General Meeting of Shareholders to be held on 30 April 2025. In accordance with Belgian law, the consolidated financial statements will be presented to the shareholders of Vastned for informational purposes during the same meeting. The consolidated financial statements are not subject to changes, except for changes resulting from any decisions by the shareholders regarding the statutory non-consolidated financial statements that have an impact on the consolidated financial statements.

Basis of presentation

The consolidated financial statements are expressed in thousands of euros, rounded to the nearest thousand. As a result of rounding, it is possible that the total of certain figures in the tables does not correspond with the figures in the main statements or between different notes.

The consolidated financial statements relate to the financial situation as of 31 December and are prepared based on the historical cost method, with the exception of investment property, financial instruments and assets held for sale, which are presented at fair value.

Equity instruments or derivative financial instruments are valued at cost when the instruments in question do not have a market price on an active market and when other methods by which the fair value can be reasonably determined are unsuitable or impracticable. Hedged assets and liabilities are valued at fair value, taking into account the hedged risk.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Accounting policies that are not expected to be applicable in the near future have not been included. If these policies become applicable, they will be included again in subsequent financial years.

The consolidated financial statements are prepared before profit appropriation as proposed to the General Meeting of Shareholders on 30 April 2025.

Statement of agreement

The consolidated financial statements of are prepared in accordance with the '*International Financial Reporting Standards*' (IFRS) as issued by the '*International Accounting Standards Board*' (IASB) and accepted by the European Union up to and including 31 December 2024. The application of the IFRS standards has also been implemented in the GVV/SIR legislation.

New standards and interpretations applicable from 1 January 2024

The following (amended) standards and interpretations are applicable as of 1 January 2024, but do not have a significant impact on the Company's consolidated financial statements:

- IAS 1 (Amendment) '*Presentation of Financial Statements*' (effective date 1 January 2024). These adjustments clarify the criteria for determining whether a debt should be classified in the short or long term. The changes clarify:

  - What is meant by the right to postpone the settlement of the debt;
  - That a right to postpone must exist at the end of the financial year;
  - That the classification of the debt is not affected by the probability that an entity will exercise its right to postpone; and
  - This is only the case if an embedded derivative in a convertible debt is an equity instrument if the terms of the debt would not have an impact on the classification.
  - That a company must provide additional explanations.

  This amendment has no material impact on Vastned's consolidated financial statements.

- IAS 7 (Amendment) '*Statement of Cash Flows*' and IFRS 7 (Amendment) '*Financial Instruments: Notes*' (effective date 1 January 2024). This amendment does not affect Vastned's consolidated financial statements.

- IFRS 16 (Amendment) '*Leases: Lease liability in a Sale and Leaseback*' (effective date 1 January 2024). This adjustment will not affect the consolidated financial statements of Vastned.

Published standards and interpretations, which are not yet applicable in 2024

The following changes that apply from next financial year or later are expected to have little or no material impact on the presentation, explanation or results of the RREC:

- IAS 21 (Amendment) '*The Effect of Exchange Rate Changes: Lack of Convertibility*' (effective date 1 January 2025). This adjustment will not affect the consolidated financial statements of Vastned.

- IFRS 9 and IFRS 7 '*Classification and measurement of financial instruments*' (Amendment) applicable for reporting periods from 1 January 2026 onwards: these mainly concern clarifications and specifications that are not immediately applicable to Vastned.

- IFRS 18 '*Presentation and Notes to the Financial Statements*' will replace IAS 1 with effect from the reporting periods 1 January 2027. IFRS 18 introduces new requirements for presentation in the income statement, including itemized totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for the aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes. Vastned as RREC follows the schedule of presentation of the annual accounts as defined in the Royal Decree of 13 July 2014 with regard to regulated real estate companies and will apply any changes that may result from this.

Significant estimates and main sources of estimation uncertainties

The preparation of the consolidated financial statements in accordance with IFRS, as accepted by the European Union, requires management of Vastned to make judgments, estimates and assumptions. These affect the application of the principles and thus the reported values of assets and liabilities and of income and expenses.

These estimates are based on a '*going concern*' principle and are based on past experience and various other elements that can be considered reasonable given the circumstances. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed and adjusted annually. Revisions to estimates are recognized in the period in which the estimate is revised, provided that the revision only affects that period. If the revision affects both the reporting period and future period(s), the revision is recognized in the period of revision and future period(s). The most important estimates are summarized as follows:

a. Fair value of the investment properties

The fair value of the investment properties of Vastned is valued on a quarterly basis by independent valuation experts. The valuation by the independent valuation experts is intended to determine the market value on a specific date in function of the evolution of the market and the characteristics of the buildings in question. The valuation experts apply the principles described in the chapter 5 '*Valuation of the portfolio by the independent valuation experts*' in the '*Property report*' and in '*Note 12 Non-current assets: investment properties*' of the '*Financial report*'. The investment properties are recognized in the consolidated financial statements at the fair value determined by the valuation experts.

b. Financial derivatives

The fair value of financial derivatives is estimated on a monthly basis by the financial institution that issued the derivative. The valuation of financial derivatives is included in '*Note 17 Financial instruments*'.

c. Disputes

The Company is, and may in the future be, involved in legal proceedings. On 31 December 2024, it is involved in a number of legal proceedings both as plaintiff and defendant that (according to the information available to the Company on the date of this annual report) will in all likelihood not have a significant impact on the Company's assets, liabilities or results.

Consolidation principles

a. Subsidiaries

A subsidiary is an entity that is controlled (exclusively or jointly) by another entity. Control exists when the entity is exposed to, or has rights to, variable income by virtue of its involvement with the entity and has the ability to affect that income through its control over that entity.

Subsidiaries are included in the consolidated financial statements using the full consolidation method from the date on which control first exists until the date it ends. If necessary, the accounting policies of the perimeter companies are changed to achieve consistent accounting policies across the Group. The reporting period of the perimeter company corresponds to that of the parent company.

b. Eliminated transactions

Intra-group balances and transactions, including unrealized results on intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized losses are eliminated only to the extent that there is no indication of impairment.

All transactions between group companies are 'at arm's length'.

The list of subsidiaries is included in appendix to the consolidated financial statements.

Property result

General

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized only when it is probable that the economic benefits will flow to the entity and can be determined with sufficient certainty.

Rental income and other income and expenses are recognized in the income statement on a straight-line basis in the periods to which they relate.

Compensation for early termination of leases is recognized immediately in income in the period in which it is finally acquired.

Rental discounts and -incentives

Granted rental discounts and incentives are deducted from rental income from the start of the lease agreement until the next opportunity to terminate a contract (legal period of three (3) years). As a result, rental discounts and benefits (incentives) are recognized in the income statement on a straight-line basis.

In other words, the actual cash flows are reversed and replaced by spreading the rental discounts and incentives.

Since the independent valuation experts, when determining the fair value of the real estate portfolio, also take into account rental discounts and incentives, an adjustment is made in the '*Other result on portfolio*' to obtain a correct presentation of the result on portfolio. The heading '*Other result on portfolio*' also shows the amounts resulting from the application of the consolidation principles and from merger transactions.

Property charges and general costs

Expenses are measured at the fair value of the consideration paid or payable and are recognized in the income statement on a straight-line basis in the periods to which they relate.

Result on disposal of investment properties

The result due to the sale of investment properties is equal to the difference between the sale price and the carrying value (i.e. the fair value determined by the independent valuation expert at the last available appraisal), less the cost of sale.

Variations in the fair value of investment properties are equal to the difference between the current carrying value and the fair value as estimated by the independent valuation expert in the previous period. Such comparison is done at least four (4) times a year for the entire portfolio of investment properties. Movements in the fair value of the property are recognized in the income statement in the period in which they arise.

Net interest charges

Net interest charges comprises interest payable on borrowings calculated using the effective interest rate method as well as net interest payable on hedging instruments recognized in the income statement (excluding fair value adjustments). Interest income is recognized in the income statement on a pro-rata basis, taking into account the effective yield on the asset.

Income taxes and property taxes

Income taxes on the result of the financial year comprises current and deductible taxes for the reporting period and previous reporting periods. Income taxes are recognized in the income statement unless it relates to items recognized directly in equity. In this last case, the tax is also charged to equity.

The tax rates applicable at the closing date are used to calculate the tax on the fiscal profit for the year.

Withholding taxes on dividends are recognized in equity as a part of the dividend until they are made payable.

Deferred taxes

Deferred tax assets and liabilities are recognized using the 'balance sheet method', on temporary differences that exist between the tax base of assets and liabilities on the one hand and the carrying value in the consolidated balance sheet on the other. Deferred tax assets are recognized only if it is probable that there will be taxable profits against which the deferred tax asset can be offset. Deferred tax assets are derecognized if it is no longer probable that the group will be able to realize these tax savings.

Investment properties

a. Definition

Investment properties are investments in properties held to generate rental income (in whole or in part). Investment properties include buildings that are ready to let, including buildings where a limited portion is held for own use, as well as those under development or renovation that will generate future rental income.

b. Initial recognition and valuation

Investment properties are initially valued at acquisition cost including transaction costs such as professional fees, legal services, registration duties and other transfer taxes. Also exit tax payable by companies over which the public RREC acquires direct or indirect control is in principle deducted from the value of the underlying property as it relates to a tax on the deferred capital gain existing in the acquired company before the acquisition of control, unless these companies do not qualify for merger with the public RREC (at the decision of the Board of Directors).

When properties are acquired through a contribution in kind, external costs immediately attributable to the issuance of new shares are deducted from equity. Properties contributed in kind are valued at the contribution value on initial recognition.

c. Valuation after initial recognition

After initial recognition, investment properties are measured at fair value in accordance with IAS 40 "*Investment Properties*". Fair value is equal to the price that would be received to sell a property in a regular transaction, between knowledgeable parties, at the valuation date.

Fair value is measured quarterly by independent valuation experts based on present value of market rents and/or effective rental income, net of related expenses if appropriate in accordance with International Valuation Standards 2001 prepared by the International Valuation Standards Committee. Valuations are prepared by discounting the annual net rents received from tenants less related costs. Discounting is based on the yield which depends on the inherent risk of the property in question.

- The investment value is the price at which the site is likely to be traded between buyers and sellers who are well informed in the absence of information asymmetries and who wish to realize such a transaction, without taking into account any special agreement between them. This value is the investment value when it corresponds to the total price to be paid by the buyer, plus any registration fees or VAT if the purchase is subject to VAT.

- Regarding the extent of registration duties, the Belgian Association of Asset Managers (BEAMA) published a press release on February 8, 2006 (see www.beama.be - publications - press releases: "*First application of IFRS accounting rules*").

A group of independent real estate experts, who carry out the periodic valuation of RREC's buildings, judged that for transactions involving buildings in Belgium with an overall value of less than € 2.5 million, registration duties of 10.0% to 12.5% must be taken into account depending on the region where these assets are located. For transactions involving buildings with a global value higher than € 2.5 million, and given the range of property transfer methods used in Belgium, these same experts - based on a representative sample of 220 transactions realized in the market between 2002 and 2005, representing a total of € 6.0 billion - have valued the weighted average of duties at 2.5%.

At that time, it was also decided that this rate would be revised by 0.5% per tranche. During 2016, a panel of real estate experts[1] and the BE-REIT association[2] jointly decided to update this calculation in accordance with the methodology applied in 2006. The actual global impact was calculated from transactions carried out by institutional parties and companies. The analysis includes 305 larger or institutional transactions exceeding € 2.5 million over the period 2013, 2014, 2015 and Q1 2016. By volume, the analyzed transactions cover more than 70% (€ 8.2 billion) of the estimated total investment volume in that period.

The panel of real estate experts decided that the 0.5% threshold was not exceeded. Consequently, the rate of 2.5% was maintained[3].

The rate will be re-evaluated every five (5) years or in the event the fiscal context changes significantly. The rate will be adjusted only if the 0.5% threshold is exceeded.

Specifically, it means that the fair value of investment properties is equal to the investment value divided by 1.025 (for buildings with a value higher than € 2.5 million) or the investment value divided by 1.10/1.125 (for buildings with a value lower than € 2.5 million).

The difference between the fair value of the property and the investment value of the property as determined by the independent valuation experts is recorded in the income statement in section XVIII '*Changes in fair value of investment properties*' when the property is acquired.

Gains or losses arising from the variation in the fair value of an investment property are recognized in the income statement in section XVIII. '*Changes in the fair value of investment properties*' in the period in which they arise and are allocated to the reserve '*b. Reserve for the balance of changes in fair value of investment properties*' in the following year.

d. Holding of investment properties and valuation process

When an investment property is sold, realized gains or losses on the sale are recognized in the income statement for the reporting period under item XVI '*Result on disposal of investment properties*'.

Commissions paid to brokers on sales of properties and obligations incurred as a result of transactions are deducted from the sales price obtained to determine the realized gain or loss.

In the subsequent year's appropriation of results, these realized gains or losses are allocated to available reserves. In the year of sale, historical reserves, which have been accounted for in the past under the heading '*b. Reserve for the balance of changes in fair value of investment properties*' are transferred to available reserves.

e. Disposal of investment properties

Assets held for sale refers to property whose carrying amount will be realized in a sale transaction rather than through continued use. This condition is met only if the sale is deemed highly probable and if the asset to be disposed of is available for immediate sale in its current state.

Investment properties held for sale are measured in accordance with IAS 40 "*Investment Properties*" at fair value.

1 Consisting of Pieter Paepen (CBRE), Pierre van der Vaeren (CBRE), Christophe Ackermans (Cushman & Wakefield), Kris Peetermans (Cushman & Wakefield), Rod Scrivener (Jones Lang LaSalle), Jean-Paul Ducarme (PWC), Celine Janssens (Stadim), Philippe Janssens (Stadim), Luk van Meenen (Troostwijk-Roux Expertises) and Guibert de Crombrugghe (de Crombrugghe & Partners).

2 The BE-REIT association is an association that groups the 17 Belgian REITSs and was created to represent the interests of the REIT sector.

3 See BE-REIT Association press release dated 10 November, 2016 "*Confirmation of the rate used for the fair value calculation of properties of BE-REITs*".

Other tangible assets

Other tangible assets refer to all other tangible assets controlled by the Company that do not meet the definition of investment property.

Other tangible assets are stated at cost less accumulated depreciation and impairment losses. Additional costs are capitalized only if the cost of the asset can be reliably determined and the costs will result in an increase in future economic benefits.

Other tangible assets with finite useful lives are depreciated on a straight-line basis over their expected useful lives, with depreciation commencing when the asset is available for use. The following depreciation rates apply:

- Installations, machinery and equipment 20%
- Furniture and vehicles 25%
- IT material 33%
- Real estate for own use:
  - Grounds 0%
  - Buildings 5%
- Other tangible assets 16%

If there is any indication of impairment, the carrying amount of the asset is compared with the recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

Other tangible assets with indefinite lives are stated at cost and tested for impairment on an annual basis or as soon as there is an indication of impairment.

Solar panels

Solar panels are valued using the revaluation model in accordance with IAS 16 '*Property, plant and equipment*'. After initial recognition, the asset whose fair value can be measured reliably shall be carried at the revalued amount, being the fair value at the time of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined using the discounted future earnings method. The useful life of the solar panels is estimated to be 20 years.

Financial instruments

a. Trade receivables

Trade receivables are initially recognized at transaction price, and are subsequently measured at amortized cost using the effective interest rate method, net of impairment losses. Each reporting period, the amount of impairment is determined as the difference between the carrying amount of the trade receivables and the present value of estimated future cash flows discounted at the original effective interest rate of the trade receivables. These impairment losses are recognized in the income statement.

b. Current financial assets

Current financial assets are recognized if the purchase or sale of the financial fixed assets is tied to a contract whose terms require delivery of the asset within the time period generally prescribed or agreed in the relevant market. They are initially valued at fair value plus directly attributable transaction costs.

c. Cash and cashequivalents

Cash and cash equivalents include cash, demand deposits and other short-term, highly liquid financial assets that are readily convertible to cash in a known amount and are not subject to a material risk of depreciation.

d. Interest-bearing loans

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortized cost calculated using the effective interest method.

e. Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost calculated using the effective interest method.

f. Equity instruments

An equity instrument is any contract that includes the residual interest in the Group's assets, net of all liabilities. Equity instruments include cash received on incorporation, merger or capital increase. External costs directly attributable to the issuance of new shares are deducted from equity.

Dividends are part of reserves until dividends are declared by the General Shareholders' Meeting. Consequently, dividends are recognized as a liability upon approval by the General Shareholders' Meeting.

g. Derivative financial instruments

The Group uses derivative financial instruments to mitigate interest rate risk arising from operating, financial and investing activities.

Derivative financial instruments or derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognized immediately in profit or loss unless the derivative is formally designated as a hedging instrument that qualifies for hedge accounting. The Group currently has no hedging instruments classified as hedging transactions, so changes in fair value are recognized immediately in the income statement.

A derivative with a positive fair value is recognized as a financial fixed or current asset depending on its remaining term, while a derivative with a negative fair value is recognized as other non-current or current financial liability depending on its remaining term. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

Provisions

A provision is recognized in the consolidated balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be measured reliably.

The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation.

If the difference between the face value and the discounted value of the future cash outlay required is material, the discounted value is recognized. This discounted value will be updated annually using discount rates commonly used at the balance sheet date, which express the time value of money.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.