Big cities

Small Stories

ANNUAL REPORT 2017

vastned
Venues for Premium Shopping

Contents

Vastned profile

Vastned is a European listed property company with focus on the best retail property on the popular high streets of bigger European cities with a historical inner city, also known as core city assets. Vastned's tenants are strong, leading international and national retailers. By investing in historical city centres and extending the life cycle of historical properties Vastned also contributes to the liveability and safety of the various city centres. It also contributes to the preservation of cultural heritage by creating and renovating residential housing above retail units. In this way Vastned endeavours to create value for its shareholders, retailers and residential tenants, local communities and visitors to the cities.

At year-end 2017, the value of the portfolio was approximately € 1.6 billion and comprised 79% core city assets. The remaining part of the portfolio is defined as mixed retail locations, which comprise for example Belgian baanwinkels, supermarkets and high street shops in smaller cities.

Vastned's team numbers 42 FTEs divided over four European cities. By means of close collaboration the strategy is carried out in a hands-on and pragmatic way, aiming to keep enhancing the quality of the portfolio.

Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of between 35% and 45%.

Preface

Dear shareholders, tenants, colleagues and other relations,

Before we look back at 2017, I would like to thank you all for your trust in the execution of our strategy, and compliment my colleagues on their dedication; we could not have done it without you.

We implemented the high street strategy at the end of 2011, which since has been further updated in 2014 and 2017. We focus on the best retail property in the best high streets of the bigger European cities. This means: acquiring property that adds value to the existing portfolio, and selling property that does not. Since the end of 2011 we have made divestments totalling approx. € 1 billion and acquisitions totalling approx. € 700 million. Meanwhile, part of the € 100 million in non-strategic assets in the Netherlands has been sold, and we are positive about selling the remaining part. That virtually completes the transition of the portfolio.

One of the highlights of the past year was the decision to divest our Istanbul portfolio. It was an excellent portfolio initially, but we sold it nevertheless due to the unstable economic and geopolitical situation in Turkey. The Turkish Lira tumbled with that instability causing an imbalance between the rents and the retailers' turnover; a problem we could only have solved through sharp rent reductions. With hindsight, we made the sale at exactly the right time. This is a typical case of less is more. We have used part of the proceeds of the sale of the Turkish portfolio for a share buyback. After the divestment of the Turkish portfolio we can now focus on the big cities: Amsterdam, Antwerp, Paris, Madrid and Barcelona.

ACQUISITIONS IN CORE CITIES

The dynamic market conditions and the corresponding uncertainty demand a careful acquisition policy. External factors have pushed up the prices of top quality property. That makes it hard for us to acquire core city assets. After all, we don't buy property just for the sake of it, but to add value - and that becomes harder when margins get smaller. This is why we often decide against acquiring properties. We have promised our investors stable and predictable returns, so we can't afford to go in all guns blazing. We must err on the side of caution. Especially in an overheated market you have to keep your wits about you and keep asking whether an acquisition will add value. As a result, over the past year we only made limited acquisitions in Amsterdam, Antwerp, Paris and Utrecht for approx. € 38 million in total.

AT HOME IN AMSTERDAM

The relocation of Vastned's head office to Amsterdam also contributed to the positive results. 2017 was the first full year since we moved there. The move has had many benefits. We are much closer to the thrill: closer to Amsterdam airport, to our relations and to our biggest portfolio. The decision to streamline our management structure also produced results. The new organisation now has even shorter communication lines, which enables us to act faster and more effectively. In addition, it is important for our company culture - a key aspect of governance. People now take up issues more quickly, and this benefits both the company's atmosphere and the results.

TAKEOVER OFFER FOR VASTNED RETAIL BELGIUM

In order to optimise the organisation further we announced at the start of 2018 that we intend to make a voluntary and conditional public offer for all shares in Vastned Retail Belgium NV that we do not yet hold. Due to a change in the law it has become possible to hold a non-listed property company in Belgium. Cancelling the stock exchange listing allows us to save costs, which in turn enables us to offer the shareholders in Vastned Retail Belgium an attractive premium. Integrating the two companies will result in a simpler and more effective organisational structure, which will also enhance our growth possibilities in Belgium.

STRONG POSITION

We are in a strong position to assist new retailers who wish to enter new markets. In spite of the relative calmness on the acquisition front, we still have a few highlights to report. For example, Uniqlo arrived on Rokin to open its first store. This Japanese chain is the new tenant of the property formerly occupied by Forever21. We have brought a great new retailer to the Netherlands with Uniqlo. We often attract newcomers with our properties, as we have done with John Fluevog Shoes, Falke, Scalpers and El Ganso, and now with Uniqlo - a great brand with a lot of potential. Such entrances show that our portfolio is solid and attractive for retailers and newcomers who are looking for exposure in the busy high streets of big European cities.

SUSTAINABILITY

Vastned is working on sustainability in various ways. For example, we started a pilot scheme among twenty retailers who have been offered the opportunity of having their shop analysed in search of energy-saving measures. But sustainability is not just about energy. We are also working on social sustainability, for example with the construction/renovation of starter apartments above shops.
Obviously only sustainable materials are used in these transformations and renovations, and the listed status of the properties is also taken into account. The apartments clearly meet a demand and contribute to a safe and lively city. This is something I am really proud of!

OUTLOOK 2018

In the present dynamic market, we remain critical with an eye for important details. This produced good results in 2017 the reward of our consistency. Still, we have some worries, for example about the separation movement in Catalonia, regarding our ambitions in Barcelona, and populism in a few markets. Such movements are bad for stability and therefore bad for us. Another issue is the amount of debt in the world. Global debt is now almost twice as high as before the financial crisis. This will have major consequences when the European Central Bank (ECB) returns to normal interest rate levels.

As far as the retail market is concerned, caution remains the watchword. In spite of all the positive signals, many retailers are still in trouble. The market is changing and consumers spend their money in a different way than before. Retailers feel the pressure to get into online shopping and e-commerce, but that isn't easy. A lot of work remains to be done in this area. And that makes us extra cautious with new lettings. Retailers who have sorted out their online business and maintain their contacts with consumers and provide good service will win the battle. These winners are exactly the retailers we want in our portfolio.

What can you expect from us next year? The main thing is: continuity. The course on which we are set is successful, so we will continue it. We will keep focusing on expanding the clusters in five selected European cities. In the process, we will keep looking for ways to add value. In addition, we will continue to actively manage the existing portfolio and optimise it where possible, e.g. by creating apartments. We expect all this to yield positive results on the core indicators. All in all, we anticipate a direct result for 2018 of between € 2.10 and € 2.20 per share.

BIG CITIES, SMALL STORIES

Finally the theme of this annual report: Big cities, small stories. This is about creative souls in the world of entrepreneurs: people with good ideas and the energy to carry them out. At the end of the day, it's the people who make cities.

Big cities represents our focus on selected cities in Europe. We maintain our strong belief in the attractiveness of big cities. And why small stories? Because big cities are nurtured by people with an innovative view on reality. A good idea, an inspiration, an original thought. Things that add something to a company, a street or a city. It doesn't always have to be grand and compelling. Small things may be vital. Here is one example: one of the drawbacks of Amsterdam's success as a city is that people get more callous towards one another. You can counterbalance this with your behaviour, by being kind, by smiling, by holding a door open for someone... Gestures like that can brighten somebody's day and really make a difference. This is the case in many areas, and also in retail. A small boutique with a passionate seller can make a customer very happy because he gets the right kind of attention.

We try to do the same. For we nurture our buildings with love, and pay attention with an eye for detail. Entrepreneurs with that same mentality fit our profile. It is often companies with small stories that generate big sales because they operate from their hearts. This is the case for example with an established family company like Schaap en Citroen, but equally for an innovative formula like Graanmarkt 13 in Antwerp. This shows that you can be big in different ways: with a new shop or formula, or by reinventing yourself and adapting to a new era. Success is often in the detail. This is why we like to give space to passionate entrepreneurs with good stories and a strong internal drive. People like that make cities liveable. So we do not only focus on big chains with their flagship stores, but also on creative individuals with unique products. Variety is strength. Cities with only big stories are boring. It is the small stories that give cities colour, and we want to tell these stories in this annual report.

Amsterdam, 14 February 2018

Taco de Groot,
CEO Vastned Retail NV

About Vastned

Mission and core values / Trends and market developments / SWOT analysis / Materiality matrix / Strategy / Objectives / Composition of the Management team / Composition of the Supervisory Board

1

Mission

Vastned's mission is to invest in retail property in the most popular high streets of bigger European cities with historical inner cities in order to realise predictable and stable long-term results and to contribute to the liveability and attractiveness of historical city centres.

Core values

- PROACTIVENESS AND OPERATING SUSTAINABLY
- QUALITY
- ENTREPRENEURSHIP
- RESULT ORIENTATION
- TEAM SPIRIT

Trends and market developments

To determine the strategy, it is important to be aware of the latest trends and developments in the retail and retail property markets. These are described below.

RETAIL MARKET IN FLUX

Consumers are better informed than ten years ago, and online shopping is ever more sophisticated due to technological advances. This has changed, and continues to change, the function of the physical shop. Shops are becoming brand stores and flagship stores in which retailers have full control of the sales process and customer contact. In recent years, many retailers were unable to adapt to these new developments. Especially retailers who persisted with obsolete business models have disappeared. On the contrary, retailers who responded actively to the consumers' new desires, who made smart use of social media and big data and anticipated technological developments, who invested in training their staff and were service-oriented, were successful. For them, it is also less important whether the sales are generated in the shop or online.

The ease and rapid development of (mobile) online shopping has forced many retailers to change their strategy and reduced demand for shops in lesser known high streets and in smaller shopping centres. The location of shops has steadily increased in importance in recent years, and so retailers are focusing on this aspect more strongly than before. They realise that consumers, but also tourists on a short break, like to shop in the well-known high streets of cities where they can also have lunch or dinner or visit a museum or the theatre. Indeed, the supply of cafés and restaurants is a key factor in the attractiveness of a city.

For several years, an ever-increasing portion of consumers' disposable income is spent on eating out, holidays, city trips etc. Another part is spent on services such as TV subscriptions, Spotify, Netflix, HBO and telephone subscriptions. The bottom line is that there is less money spent on retail, whether offline or online. This is an additional reason for retailers to be distinctive and to serve consumers optimally.

The developments referred to result in retailers further reducing the number of shops in secondary locations.

RETAIL MARKET DEVELOPMENTS

High street shops are accessible and interesting investments for local players, family offices and institutional parties due to the diversity in size of retail property. Ownership of high street property is fragmented as a result, and there are many private owners.

Due to the low interest rate environment in recent years demand from institutional investors for retail property in popular high streets has increased. This has further increased demand for retail property in the best locations. As supply is limited, this has put pressure on yields. For Vastned this means a rise in the valuation of its current portfolio, but at the same time acquiring core city assets becomes harder.

Because as described above the well-known high streets are becoming more and more popular with consumers, retailers and property investors, the gap in attractiveness between retail property in well-known high streets and less popular retail locations continues to widen.

Another recent development is urbanisation and the corresponding increased demand for residential space in the centres of the bigger European cities. Vastned has responded to this by converting space above shops into residential space where possible.

The developments in the retail market and the retail property market validate Vastned's strategic choice to invest in the bigger European cities with a historical inner city.

SWOT analysis

Strengths

- Only listed pan-European property company focusing on core city assets
- Low capital investments
- Strong team of specialists in an effective and horizontal organisation
- Solid financial position with a conservative financing strategy

Weaknesses

- Last part of transition to a portfolio consisting of over 80% core city assets not yet completed. This puts (mild) pressure on the direct result
- Relatively high costs of listing compared to size of portfolio

Opportunities

- Continuing and increasing interest from retailers in top retail locations
- Low interest rate results in low financing costs
- Increased demand for residential space in inner cities

Threats

- Limited supply of and increased demand for core city assets
- Bankruptcies of retail chains

Materiality matrix

Vastned is aware that it operates together with a range of stakeholders with whom it is in constant contact. In 2017, Vastned conducted a materiality analysis in order to identify the main themes for both Vastned and its stakeholders. Based on this, Vastned selected nineteen material topics from a large number of potentially relevant subjects, put them to a group of stakeholders and asked them to rank them in terms of importance.

Vastned then compared the ranking by the stakeholders with its own ranking of these topics in a materiality matrix. All stakeholder groups were given the same weight, and the Executive Board in November 2017 adopted the materiality matrix below.

1 **Long term economic performance**
2 **Anti-corruption**
3 **Business integrity**
4 **Transparency and communication**
5 **Tenant health and safey**
6 **Liveability of cities**
7 **Green building / Green portfolio**
8 Stimulating working environment
9 Employee well-being
10 Contribution to society
11 Recycling during renovations
12 Energy efficiency and measurability
13 Reduction of environmental impacts
14 Knowledge sharing and experience
15 Due diligence / human rights assessments
16 Renewable materials
17 Remuneration
18 Cultural heritage
19 Engagement of tenants on sustainability issues (eg green leases)

Of these nineteen themes, the following seven were the most important for both stakeholders and Vastned: long-term economic performance, anti-corruption, business integrity, transparency and communication, safety and health of tenants, liveability of cities and green buildings/ green portfolio.

The way in which the choice for these seven topics was made and how they line up with the guidelines for sustainability report of the Global Reporting Initiative (GRI), an internationally recognised standard for drafting sustainability reports, has been set out by Vastned in the document 'How do we manage our material subjects' which is published on the Company's website.

The seven topics form an integral part of the strategic sustainability framework, which is in line with the overarching strategy. The strategic sustainability framework is further explained in the chapter 'Sustainability' in this annual report on page 88.

Strategy

The principles referred to in the preceding chapters serve as a basis for Vastned's strategy and its mission to generate stable and predictable long-term results in order to create long-term value for its stakeholders.

Over the past few years, Vastned has executed a major rotation of its portfolio. Vastned divested approx. € 1 billion in non-strategic assets in smaller and medium-sized cities and joint ownership of shopping centres. At the same time, Vastned acquired approx. € 700 million in retail property in the well-known high streets of bigger European cities. At year-end 2017, the portfolio comprised 79% core city assets against 27% at year-end 2011.

INVESTMENTS AND DIVESTMENTS	2011	2012	2013	2014	2015	2016	2017	Total
Acquisitions	81	111	104	103	164	76	38	**677**
Divestments	16	146	271	261	87	95	123	**999**
Total	**97**	**257**	**375**	**364**	**251**	**171**	**161**	**1.676**

Strategy

Portfolio

- Portfolio consisting of over 80% core city assets
- Growth of the Amsterdam, Antwerp, Madrid and Paris clusters, and building up a cluster in Barcelona
- Divesting the last part of the non-strategic assets in the Netherlands
- Optimising the value and rental income of the portfolio

Organisation

- A compact team of specialists with a hands-on and result-oriented mentality
- Local teams with great deal of knowledge and experience and extensive network

Financing

Vastned conducts a conservative financing policy that is in line with generating stable and predictable long-term results:

1. Loan-to-value of between 35% and 45%

2. Ratio fixed vs floating interest rates at least 2/3-1/3

3. Share of non-bank loans at least 25%

In early 2017, Vastned updated its strategy with focus on growth in a selected number of European cities. Vastned's strategy is founded on three pillars: portfolio, organisation and financing.

Having taken major steps forward over the past few years, Vastned opted for clear focus on growth in five selected European cities in early 2017. The objective remains to create a unique and hard to duplicate portfolio.

With this strategy Vastned distinguishes itself from other listed property investors in Europe who focus on shopping centres, offices and/or residential property by focussing on core city assets as the only pan-European listed real estate company.

By bringing more focus to the portfolio it has become more specialised. The number of cities where Vastned operates fell from 236 at year-end 2011 to 110 at year-end 2017. For this reason, Vastned has decided to divide the portfolio into two segments, down from three: core city assets and mixed retail locations.

Core city assets

The 'core city assets' portfolio contains the retail property in the well-known high streets of the following bigger European cities:

Netherlands	France	Belgium	Spain
Amsterdam	Paris	Antwerp	Barcelona
Breda	Bordeaux	Bruges	Madrid
Den Bosch	Lille	Brussels	Málaga
The Hague	Lyon	Ghent	
Maastricht	Nancy		
Utrecht	Nice/Cannes		
Eindhoven			

Mixed retail locations

This segment contains all the other retail property, including Belgian 'baanwinkels', supermarkets, high street shops in smaller cities like Arnhem and Mechelen and (joint ownership of) shopping centres.

Also in the area of the other two pillars of the strategy, organisation and financing, has major progress been made over the past few years that contributes to long-term value creation. Due to the divestment of part of the (joint ownership of) shopping centres and a large number of smaller properties the number of employees has become smaller. Managing shopping centres demands more time than high street shops. In addition, Vastned has a diversified loan portfolio and it reduced the duration and the average interest rate of the loans.

Business model

Result

Direct result	**Rental income**	Size and quality of the portfolio
		Rent levels
		Occupancy rate
	Operating expenses	Size of the portfolio / organisation
		Non-recoverable service charge
		Share of core city assets
		Occupancy rate
	Financing costs	Interest rate
		Ratio of fixed vs floating interest rates
		Size of loan portfolio
		Duration of loan portfolio
Indirect result	**Value movements in the portfolio**	Quality of the portfolio
		Investments
	Result on divestments	Total divestments
		Market demand and financing options

For an extensive breakdown of the direct and indirect result, see page 158.

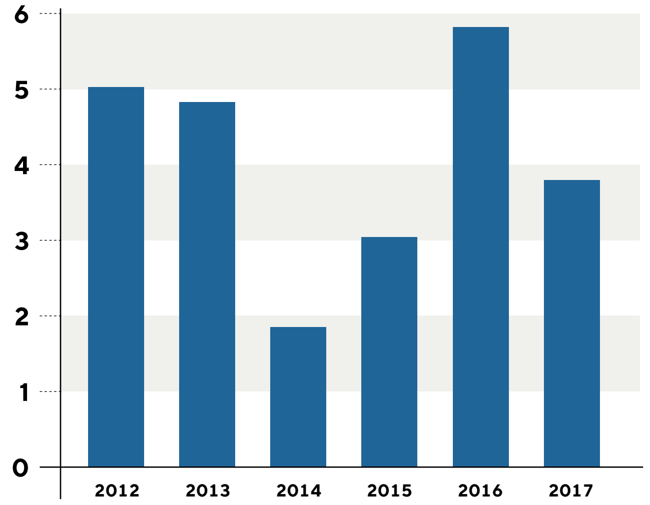
Letting and investing in core city assets is Vastned's core business. Vastned's result is comprised of the direct and the indirect result.

The direct result mainly consists of gross rental income from retail units and the costs associated with them, less financing costs. The indirect result is mostly comprised of the value movements in the portfolio, the result on divestments and any value changes of financial derivatives.

Key parameters for the rental income are the occupancy rate and like-for-like rent levels, which are dependent to a large extent on the location of the core city assets and on active asset management. Our results over the past few years show that the more attractive the location, the higher the occupancy rate and the rental income and the more stable the valuations.

Capital expenses in core city assets play only a minor role. In contrast to shopping centres, high street shops do not need complete renovations every five years to keep them attractive for retailers and consumers. The capital expenses for Vastned are limited to those that add value, such as, where possible, adding retail floor area and creating larger lettable areas by connecting adjoining retail properties and creating and renovating residential space above shops.

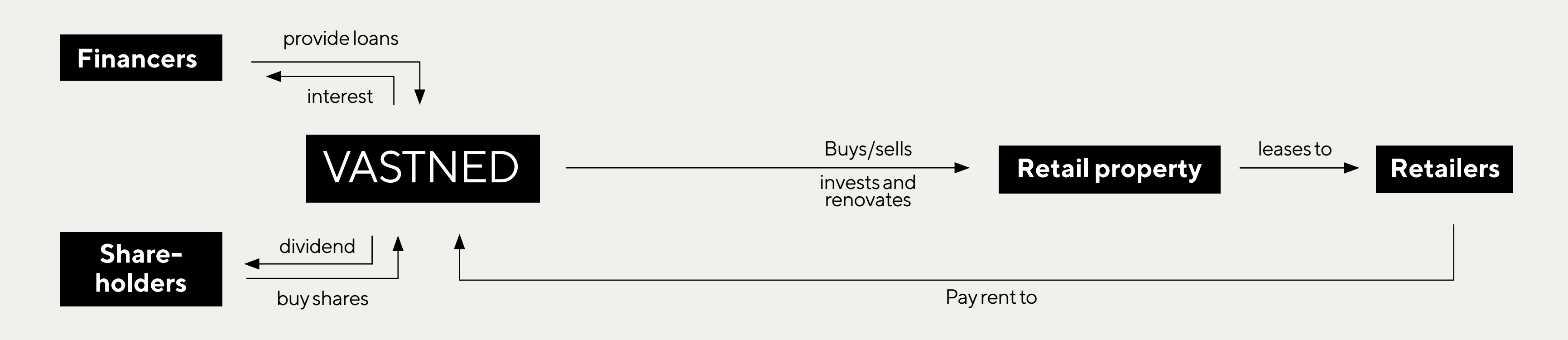
CAPITAL EXPENSES (IN € MILLION)



Value creation model

In the value creation model the connections between the various elements of the mission, stakeholders and Vastned's strategy are presented clearly. Vastned uses it to show how external and internal developments contribute to long-term value creation for its stakeholders.

CORE ACTIVITIES AND PROCESS



INPUTS

FINANCIAL CAPITAL

• Number of shares in issue	19,036,646
• Equity	€ 933 million
• Long-term liabilities	€ 634 million

CAPITAL

• Core city assets:	(79%)
• Mixed retail locations:	(21%)

INTELLECTUAL CAPITAL

Employees are encouraged to regularly freshen up their knowledge and take relevant training. In addition, Vastned is strongly focused on internal procedures and training aimed inter alia at keeping knowledge of laws and regulations up-to-date.

HUMAN CAPITAL

• Amsterdam, the Netherlands	
– Management	14
– Country teams	12
• Paris, France	11
• Antwerp, Belgium	7
• Madrid, Spain	1
Number of FTEs	42

SOCIAL CAPITAL

- Continuous dialogue with stakeholders, customers, employees and society
- Charting the material topics and presenting them in a materiality matrix

NATURAL CAPITAL

- Using sustainable materials where possible
- Investment to encourage retailers to reduce their energy consumption and implement energy-saving measures

OUR AMBITION

To generate stable and predictable long-term results, inter alia by raising the quality of the portfolio, also in terms of sustainability and energy performance. As part of our ambition, Vastned contributes to the liveability and preservation of the cultural heritage of historical city centres.

STRATEGY

Investing and leasing retail property in the popular high streets of major European cities with historical city centres: 'core city assets'.

CORE VALUES

- Quality
- Entrepreneurship
- Acting sustainably
- Result-orientedness
- Proactivity
- Team spirit

STRATEGIC OBJECTIVES

1. Raising the quality of the portfolio and the organisation
2. Reducing environmental impact
3. Promoting the health and well-being of employees
4. Contributing to society

OUTPUTS

FINANCIAL CAPITAL

- Gross rental income €77.5 million
- Direct result € 41.1 million
- Dividend € 2.05 per share

CAPITAL

- 14 apartments created or renovated

INTELLECTUAL CAPITAL

Focused education and training have improved employees' ability to create long-term value for Vastned and its stakeholders. The country teams are continuously sharing information they have gained. This occurs partly informally, but also in formal meetings.

HUMAN CAPITAL

- Supervisory Board 50% female, Executive Board 0% female (Executive Board comprises two members)
- Vastned invests in training, health and social involvement of its employees. In addition, it also offers an organic lunch to the employees in the office in the Netherlands, and pays 50% of employees' gym subscriptions.

SOCIAL CAPITAL

- Contributions to society: Residential space above shops and Vastned as a learning environment
- In 2017, 70% of employees used the possibility of taking one extra day off to do volunteer work.
- Vastned contributes to a safe environment by helping to create well-maintained city centres.

NATURAL CAPITAL

- 71% of the properties has an Energy Performance Certificate (EPC)
- 32% of the EPC labels have a score between A+ and C
- 100% of CO_2 emissions from all Vastned offices is offset in collaboration the Climate Neutral Group by buying CO_2 credits based on the Gold Standard, aiming to support projects that reduce CO_2 emissions, and that benefit the local population
- Since 2016, all common areas in the Dutch portfolio for which Vastned itself concludes energy contracts are supplied with electricity generated from Dutch wind turbines and green gas
- 82% of the leases concluded in 2017 for core city assets contained a green clause

OUTCOMES

FINANCIAL CAPITAL

Through salaries, payment of taxes and investments Vastned contributes to prosperity in the Netherlands, France, Belgium and Spain.

MANUFACTURED CAPITAL

Through renovations and refurbishments, Vastned contributes to the liveability and safety of city centres and the preservation of cultural heritage.

INTELLECTUAL CAPITAL

Vastned invests in training, education and innovative sustainable solutions in order to remain able to stay ahead of the latest developments in relation to its core activities in the long term.

HUMAN CAPITAL

By investing in its employees Vastned aims to keep them motivated, which contributes to the company's effectiveness and promotes employees' health.

SOCIAL CAPITAL

By creating residential space above shops in city centres and collaborating with the local community Vastned contributes to the liveability and public safety in town centres. By investing in core city assets Vastned contributes to the preservation of cultural heritage.

NATURAL CAPITAL

- By supplying all common areas in the Dutch portfolio with green energy Vastned contributes to the reduction of CO_2 emissions.
- By raising the number of properties with an EPC label Vastned contributes to the realisation of the Paris Climate Agreement.

Objectives

To realise its mission Vastned has formulated the following objectives.

	OBJECTIVES	POSITION AT YEAR-END 2017	POSITION AT YEAR-END 2016
PORTFOLIO	Core city assets to grow to over 80% of the total portfolio	79%	70%
	Divesting € 100 million in non-strategic Dutch assets	€ 26.5 million	n/a
	Number of properties with an EPC to rise to 70%	71%	67%
	Raising the number of leases with a green clause for core city assets	82%	77%
	Creating and renovating 14 apartments in 2017	14	9
	Energy saving programme in collaboration with Climate Neutral Group	✔	n/a
	Installing 'smart meters'	✔	n/a
ORGANISATION	Strengthening the quality of the organisation	✔	✔
	Vastned as a learning environment	2 interns	2 interns
FINANCING	Loan-to-value ratio between 35% and 45%	38.8%	41.8%
	Ratio of loans with fixed vs floating interest rate 2/3-1/3	78.8%	79.8%
	Share of non-bank financing at least 25%	44.0%	45.6%

Composition of the management team

Taco T.J. de Groot MRE MRICS (M)

Chairman of Management team, CEO and Statutory Director

NATIONALITY
Dutch

APPOINTMENTS
2011, 2015 (current term ends 2019)

COMMITTEES
Sustainability taskforce

OTHER POSITIONS AS AT 31 DECEMBER 2017
co-CEO and member of the board of directors of Vastned Retail Belgium NV, Stichting Toezicht Cohabitat (Board member C)

RELEVANT EXPERIENCE
Eurindustrial NV (SB, interim), MSeven LLP Real Estate & Fund Management (partner), GPT Halverton LLP (CIO), Habion (SB), Cortona Holdings (CEO), DTZ Zadelhoff (letting agents and investment brokers)

VASTNED SHARES
66,851

Reinier Walta LL.M. MSRE (M)

Member of Management team, CFO and Statutory Director

NATIONALITY
Dutch

APPOINTMENTS
2014 (current term ends 2018)

COMMITTEES -

OTHER POSITIONS AS AT 31 DECEMBER 2017
CFO and member of the board of directors Vastned Retail Belgium NV

RELEVANT EXPERIENCE
ADIA (Senior Transaction Manager), ING Real Estate Investment Management (Director), ING Real Estate (Senior Tax Manager), PwC (property tax lawyer)

VASTNED SHARES
1,000

Anneke M. Hoijtink MSc. (F)

Member of Management team, Investor Relations Manager

NATIONALITY
Dutch

CURRENT POSITION
1 November 2012

COMMITTEES
Sustainability task force

OTHER POSITIONS AS AT 31 DECEMBER 2017
Chair of Dutch Association for Investor Relations (NEVIR)

RELEVANT EXPERIENCE
BinckBank (Investor Relations Manager), Eureko (Investor Relations Officer)

VASTNED SHARES
50

Peggy G. Deraedt LL.M. (F)

Member of Management team, Company Lawyer

NATIONALITY
Belgian

CURRENT POSITION
1 April 2004

COMMITTEES -

OTHER POSITIONS AS AT 31 DECEMBER 2017
Member of the board of directors Vastned Retail Belgium NV

RELEVANT EXPERIENCE
Nauta Dutilh (attorney)

VASTNED SHARES
61

Nathanaël P. van Twillert MSc (M)

Member of Management team, Real Estate Investment Analyst

NATIONALITY
Dutch

CURRENT POSITION
1 October 2017

COMMITTEES
Sustainability task force

OTHER POSITIONS AS AT 31 DECEMBER 2017 -

RELEVANT EXPERIENCE
Vastned (Real Estate Business Analyst)

VASTNED SHARES
0

Ingeborg W. van 't Woud LL.M. (F)

Member of Management team, Company Secretary

NATIONALITY
Dutch

CURRENT POSITION
4 December 2017

COMMITTEES -

OTHER POSITIONS AS AT 31 DECEMBER 2017 -

RELEVANT EXPERIENCE
Nielsen (Director Corporate Legal), Netwerk Notarissen (junior civil-law notary), Allen & Overy LLP (junior civil-law notary)

VASTNED SHARES
0

Composition of the Supervisory Board

Marc C. van Gelder
1961 / M

Chairman of the Supervisory Board

NATIONALITY
Dutch

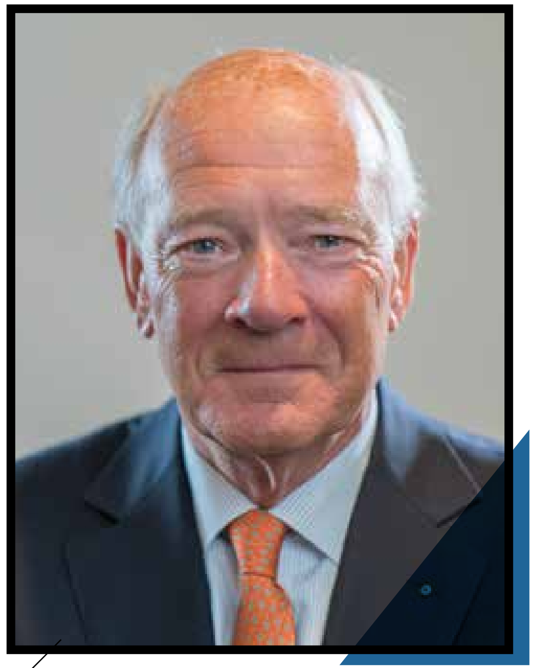
APPOINTED
2015 (current term ends 2019)

COMMITTEES
Remuneration and nomination committee

PRESENT POSITIONS PER 31 DECEMBER 2017
Hans Anders (SB, chairman), Action (SB), JP Morgan European smaller companies trust plc (SB), Diabetes Fonds (SB, chairman), Helen Dowling Instituut (BoT), Paleis Het Loo (BoT), Mint Solutions (SB)

RELEVANT EXPERIENCE
Mediq (CEO), Peapod (CEO), Ahold, McKinsey, Drexel Burnham Lambert, MIP Venture Capital Fund, GIMV (SB), Maxeda (SB)

VASTNED SHARES
7,100



Jeroen B.J.M. Hunfeld
1950 / M

Vice-chairman of the Supervisory Board

NATIONALITY
Dutch

APPOINTED
2007, 2011, 2015 (current term ends 2019)

COMMITTEES
Audit and compliance committee

PRESENT POSITIONS PER 31 DECEMBER 2017
Vroegop Ruhe & co (SB), Faber Vlaggen (SB)

RELEVANT EXPERIENCE
BBDO Nederland (CEO), Koninklijke Vendex KBB (COO), Ahold, Albert Heijn

VASTNED SHARES
1,400

Marieke Bax HM, LL.M., MBA
1961 / F

Member of the Supervisory Board

NATIONALITY
Dutch

APPOINTED
2012, 2016 (current term ends 2020)

COMMITTEES
Remuneration and nomination committee (chair)

PRESENT POSITIONS PER 31 DECEMBER 2017
EESA Euroclear (BoD), Vion Food Group (SB), Credit Lyonnais Securities Asia (BoD), Law Faculty University of Amsterdam (member of advisory council), Governance University (member of Board of Governors), Professional Boards Forum (adviser to the Board), Fonds Podiumkunsten (BoT)

RELEVANT EXPERIENCE
KPMG The Netherlands (adviser to the Board), 'Talent to the Top' (Founder), ASR Verzekeringen (SB), Gooseberry Amsterdam (MP), Hot- Orange Amsterdam (CFO), Sara Lee (Head of M&A & Strategy Europe), Linklaters &. Paines London (Associate), Securities and Investments Board London (Assistant Director)

VASTNED SHARES
0

Charlotte M. Insinger LL.M., MBA
1965 / F

Member of the Supervisory Board

NATIONALITY
Dutch

APPOINTED
2015 (current term ends 2019)

COMMITTEES
Audit and compliance committee (chair)

PRESENT POSITIONS PER 31 DECEMBER 2017
PZEM (SB), de Volksbank (SB), LVNL (BoT), Stichting Nederlands Filmfonds (BoT), Hogeschool Rotterdam (BoT), Cerberus Global Investments B.V. (Managing Director), HAYA Real Estate S.L.U. (non-executive director)

RELEVANT EXPERIENCE
Erasmus Medisch Centrum (CFO), Shell, Robeco, Vesteda Residential Fund (SB)

VASTNED SHARES
0

Big City
Small Stories

Image: Shutterstock

AMSTERDAM

AMSTERDAM

POPULATION
838,338

51
MUSEUMS

7 FERRIES

175
KILOMETRES OF CANALS

40 PARKS

NUMBER OF NATIONALITIES
180

5517
SHOPS

600
MARKET STALLS ON ALBERT CUYP

NUMBER OF CANALS
165

32
MARKETS

BUSIEST SHOPPING STREET
KALVERSTRAAT

38
CINEMAS

BUSIEST TRAM ROUTE
= LINE 5

8863
16TH, 17TH AND 18TH CENTURY
BUILDINGS

NARROWEST HOUSE IN EUROPA
2.02
METRE
OUDE HOOGSTRAAT 22

110
CANAL TOUR BOATS

ANNUAL NUMBER OF
TOURISTS
±5.3 MILLION

206
REMBRANDT PAINTINGS

22
VAN GOGH PAINTINGS

1516
BARS

1150
RESTAURANTS

35
NIGHTCLUBS & DISCOTHEQUES

55
THEATRES & CONCERT HALLS

413
HOTELS

136
BOOKSHOPS


Friederike Joppen

DE BALKONIE:
FIRST BALCONY SHOP IN THE NETHERLANDS OPENS SECOND STORE

If you want to work in your garden, the garden centre is the logical place to go. It offers a great range of products, from plants to garden furniture. But people with a balcony never knew such luxury. That is why Friekerike Joppen established De Balkonie two years ago. The shop offers anything you could ever want for your urban balcony.

The best ideas often derive from a serious passion, and De Balconie is a perfect example. 'I am a real city dweller,' says Friederike Joppen. 'I enjoy living in Amsterdam, and devote almost all my spare time to my balcony and my two rooftop gardens. Every balcony can be transformed to a little paradise. Even a French balcony can be adorned with a lovely balcony planter. But I couldn't find any shops that offered such products.' When she was walking through a garden centre one day, she noticed that there were hardly any products that were suitable for a balcony. That is how the idea for De Balkonie started.

Green oasis
'We are the first balcony shop in the Netherlands,' says Friederike proudly. 'De Balkonie is different from other plant shops in that we also offer furniture and accessories specifically for balconies. Green spaces in the city are important, she feels. Many city dwellers have to live without a garden, but they do have a balcony. Why wouldn't you want to make it a green oasis? 'At De Balkonie we want to inspire people to create their own outdoor spot where they can spend any spare time when the weather is pleasant. You want your own green spot in the city on your own balcony. Our advice to everyone is: enjoy your little bit of outdoor space in the city. Even if you don't have 'green fingers', you can still change it to something wonderful.

Examples
The concept is growing. De Balkonie has opened a second store in Amsterdam-Oost. 'This shop is bigger, so that I can better present our balconies. That is something I had in mind before I opened the shops. We are now in the test phase, but on 24 March, the first Saturday of spring, we are going to have the Grand Opening and the opening of the Balcony Season. We'll celebrate it in both shops with bubbles and live music. I set my objectives for one year, so I have no idea what the shop will look like in ten years. This year, I will strive to inspire people all over the Netherlands on social media to make their balconies beautiful.'

Tips

Restaurant Bird
Market Flower market ↑

‘THE CITY HAS **SUCH GREAT ENERGY’**

Friends **Elke Kretzer** (66) and **Angie Bührmann** (74)
Profession Retired / **From** Bonn and Düsseldorf, Germany / **Where** Leidsestraat / **Amsterdam** ‘Lively’

Angie: ‘We love Amsterdam, with all those young people milling around. The city has such great energy. There is a wonderful mix of culture, shopping and nightlife. And the people are nice and very helpful. We haven’t been friends all that long, but we will be for the rest of our lives. Our husbands died recently, and that has really strengthened our friendship. We often make journeys abroad together. Amsterdam is just a short trip on the train for us. We are staying close to the Rijksmuseum, and we’ve already visited the Van Gogh Museum. It was stunning! Today is a day for shopping. We go for the more upmarket shops, rather than the big chains. People have told us that Leidsestraat and P.C. Hooftstraat are right for us.’

Eva van Damme and her partner **Enind Omu** (both 27), sister **Thrine Sofie** (33) with her partner **Christopher** (32) and son **Torden** (1)
Profession Purchaser (Eva), pharmacy assistant (Enind), psychotherapist (Thrine Sofie), GP (Christopher) / **From** Eva and Enind from Central Amsterdam, Thrine Sofie, Christopher and Torden from Londen / **Where** Leidsestraat / **Amsterdam** 'Quality shops'

AMSTERDAM TO ME MEANS **COMING HOME**

Eva: 'We spend a lot of time travelling for our jobs. I've just come back from a business trip to Brazil. Amsterdam to me means coming home; this cosmopolitan and multicultural city is where we are based. Today, we join the crowds, but tomorrow we'll get on a bike and cycle to a nice park or the Amsterdamse Bos. There are so many places you can go here, and everything is so close.

We love to shop on Leidsestraat because there are great shops here. My sister-in-law, her husband and their son are here on a brief holiday. When they come, we always go shopping together. We have been to Dr Martens, Falke and COS, where we always find something we like. Tonight we have arranged for a babysitter, and we will go for a lovely dinner!'

Tips

Restaurant	The Maxx, Chin Chin Club
Bar	De Klepel
Lunch	Bakers & Roasters
Festival	**Amsterdam Dance Event →**

Promotion assistants and colleagues **Defina de Vries** (20) and **Laurens Benjamin** (26)
Profession Student nurse (Defina), student of religion and identity (Laurens) / **From** North Amsterdam / **Where** Kalverstraat / **Amsterdam** 'Crowded, but fun'

I ENJOY TELLING THEM ABOUT MY CITY

Laurens: 'We aren't telling people off all day. As promotion assistants of the Red Carpet project, we make the shoppers aware of the importance of a clean city in a playful way. Normally we also bring some toys for kids to teach them not to litter. Kalverstraat is a good street to tell people about our goals. It's busy, and that can be difficult, but the good thing about the tourists is that they often ask us for advice. I enjoy telling them about my city.'

Defina: 'It's not as nice when it's raining. Sometimes I go into Zara or H&M quickly at the end of my working day. Things tend to be less busy then. No, I don't wear this outfit then. By that time I want to be less conspicuous.'

Tips

Bar	Poolbar
Restaurant	Any restaurant on Zeedijk, Duende Dos, Vapiano
Coffee	Starbucks
Clothing	H&M, C&A, Bijenkorf, Zara

Jan van Slobbe and his wife **Chris Verhoeven** (both 59)
Profession Retired / **From** Centre of Amsterdam / **Where** Kalverstraat / **Amsterdam** 'Familiar'

IN THE JORDAAN AREA **THERE ARE GREAT LITTLE SHOPS**

Chris: 'We live in the Jordaan district and on Saturday we always go shopping early to beat the crowd. We are now looking for shoes for Jan. Shopping can be hard because Jan is in a mobility scooter. Kalverstraat is where you find the most accessible shops for him. In the Jordaan area there are great little shops, but they are often too cramped for a wheelchair. We have lived in the centre of town for forty years and in that time Kalverstraat hasn't changed all that much. There used to be big retail chains here then, too. Okay, shopping may have become more sort of hit-and-run, but that is just what people are like these days. It's not Kalverstraat that's caused that.'

Jan: 'Shopping is not my favourite pastime, but that's partly because I'm not as quick on my feet anymore. It can be quite difficult to get into some of the shops. When we are done, we try to find a place to have lunch. Summers are better than winters, because I don't have trouble getting into outdoor cafés! I really enjoy sitting out in the sun.'

Tips

Lunch	Bagels & Beans, the terrace of café Nieuwe Kerk or Broodje Mokum
Bar	De Prins
Restaurant	De Eettuin
Apple pie	**← Winkel 43**
Museum	Van Gogh, Amsterdam City Archives
Where to take a walk	Along the canals, in the Jordaan or De Pijp districts

Girlfriends **Kayleigh Newman** and **Louise Davies** (both 25)
Profession Nurses / **From** London / **Where** Kalverstraat / Amsterdam 'Cosy'

WE HAVE ALREADY DECIDED WHERE WE ARE GOING TO BUY STUFF

Kayleigh: 'We have come to Amsterdam just for the weekend and we've walked up and down Kalverstraat twice now. First we browse all the shops, and then we decide what we are going to buy. Yesterday we went to an Irish pub near Vondelpark, and this morning we had breakfast in an English pub. The shops are similar to what you find in London, but Amsterdam is much smaller and cosier. We have already decided where we are going to buy stuff: Mac Make-up, Primark and a souvenir shop. Yes, of course there is a Primark in London, but they stock different clothes here. When we've done all our shopping we'll go and see the Sex Museum and the Red Light District. We have got to see those.'

Tips

Bar	Irish pubs
Breakfast	↘ **Hard Rock Café**
Clothing	Primark
Excursion	Boat trip

Pierro Lavecchia (75)
Profession Hot dog seller / **From** West Amsterdam / **Where** Leidsestraat / **Amsterdam** 'Tourists'

I LOVE THIS CITY, THE ATMOSPHERE AND THIS SPOT

Pierro: '52 years ago I ended up in Amsterdam by accident. I lived in England for a few months, wanted to go back home and thought I had bought a one-way ticket to Rome. Turned out it was to Amsterdam! I set foot on Dutch soil, and I stayed. I love this city, the atmosphere and this spot. Leidsestraat is a beautiful street and a great place to be. I'm retired, but an old-age pension is not much money, so I sell hot dogs about three days a week. I don't do it just for the money. When I'm not working I miss the contact with customers, with tourists, the bustle and the fun. I'm not ready to sit around waiting to die!'

Tips

Restaurant ↓ **Pomorosso,** De Pizzabakkers

2017 Key data

2017 Key events / 2013-2017 Financial key data / Portfolio key data

2

2017 key events

15 February

Guidance for 2017 direct result of € 2.10 - € 2.20 per share

8 March

Vastned announces strategy update to focus on growth in five selected cities in Europe

Vastned withdraws from Turkey with divestment of complete Turkish portfolio

10 May

Portfolio in Le Marais, Paris is expanded with two acquisitions for approx. € 19.8 million in total

17 May

Vastned buys back 849,846 shares for approx. € 30.1 million

2 August

Vastned reports divestments of non-strategic assets in the Netherlands and Belgium for approx. € 6.8 million in the second quarter of 2017

Interim dividend 2017 will be € 0.64 per share; forecast for dividend 2017 € 2.05 per share

1 November

Guidance for direct result 2017 and dividend proposal for 2017 confirmed at € 2.10 - € 2.20 and € 2.05 per share respectively

In the third quarter of 2017 Vastned made further strategic process with divestments in the Netherlands for approx. € 13.9 million in total

4 July

Vastned acquires three adjoining core city assets at Steenhouwersvest 44-48 in Antwerp for approx. € 6.4 million in total

1 November

Vastned announces it will expand its Amsterdam portfolio with two acquisitions on Ferdinand Bolstraat and Spui for approx. € 5.6 million in total

Financial key figures

RESULTS (IN € MILLION)	2017	2016	2015	2014	2013
Gross rental income	77.5	89.5	93.2	96.4	123.2
Direct result	41.1	46.1	49.2	46.5	54.2
Indirect result	53.5	(19.7)	16.3	(14.8)	(145.4)
Result	**94.6**	**26.4**	**65.5**	**31.7**	**(91.2)**
BALANCE SHEET (IN € 1.000)					
Property	1,591.6	1,614.8	1,647.9	1,538.8	1,694.4
Equity	933.4	891.5	901.0	866.0	866.2
Equity Vastned Retail shareholders	838.7	804.4	816.6	782.2	784.9
Long-term liabilities	633.9	636.9	692.1	641.8	580.9
Average number of shares outstanding	**18,505,783**	**19,036,646**	**19,036,646**	**19,036,646**	**19,036,646**
Number of shares outstanding (at year-end)	**18,186,800**	**19,036,646**	**19,036,646**	**19,036,646**	**19,036,646**
PER SHARE (IN €)					
Equity Vastned Retail shareholders at the beginning of the year (incl dividend)	42.26	42.90	41.09	41.23	47.03
Final dividend previous financial year	(1.32)	(1.31)	(1.27)	(1.63)	(1.54)
Equity Vastned Retail shareholders at the beginning of the year (excl dividend)	**40.94**	**41.59**	**39.82**	**39.60**	**45.49**
Direct result	2.22	2.42	2.58	2.44	2.85
Indirect result	2.89	(1.03)	0.86	(0.77)	(7.64)
Result	**5.11**	**1.39**	**3.44**	**1.67**	**(4.79)**
Other movements	0.71	0.01	0.38	0.55	1.45
Interim dividend	(0.64)	(0.73)	(0.74)	(0.73)	(0.92)
Equity Vastned Retail shareholders at year-end (incl end dividend)	**46.12**	**42.26**	**42.90**	**41.09**	**41.23**
EPRA NNNAV	45.66	41.68	42.31	40.42	41.17
Share price (at year-end)	**41.30**	**36.86**	**42.35**	**37.45**	**32.99**
Dividend in cash	2.05[1]	2.05	2.05	2.00	2.55
Solvency ratio (in %)	59.2	56.1	56.0	56.5	51.5
Loan-to-value ratio (in %)	38.8	41.8	41.6	40.3	44.6

1) Subject to approval of the Annual General Meeting of shareholders

Key figures property portfolio

	Core city assets	Mixed retail locations	Total
Number of tenants [1]	237	346	583
Theoretical gross rental income (in € million)	52.6	26.7	79.3
Market rent (in € million)	54.8	24.4	79.2
(Over-)/underrent (in %)	4.0	(9.6)	(0.1)
Occupancy rate at year-end (in %)	99.6	95.1	98.1
Number of properties	176	142	318
Property (in € million)	1,260	332	1,592
Property (in %)	79	21	100
Average size property (in € million)	7.2	2.3	5.0
Lettable floor area (in 1,000 sqm)	97	175	272
SECTOR SPREAD PER COUNTRY (IN %)			
Netherlands	75	25	100
France	99	1	100
Belgium	60	40	100
Spain	96	4	100
Total	**79**	**21**	**100**
AVERAGE RENT PER SQM (IN €)			
Netherlands	522	158	266
France	661	112	508
Belgium	390	151	220
Spain	1,194	299	1,033
Total	**542**	**153**	**292**
OCCUPANCY RATE AT YEAR-END 2017 (IN %)			
Netherlands	99.6	93.7	97.1
France	99.3	83.7	98.4
Belgium	99.9	98.4	99.1
Spain	100.0	100.0	100.0
Total	**99.6**	**95.1**	**98.1**

1) Excluding apartments and parking places

Share-holders-information

Information on the Vastned share /
2018 Financial calendar

3

Information on the Vastned share

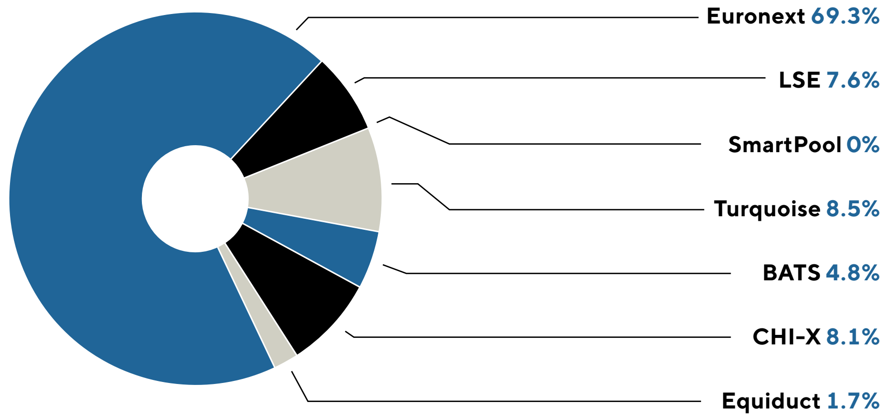
ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

Shares in Vastned Retail N.V. (Vastned) are listed on Euronext Amsterdam since 9 November 1987. From 3 March 2008 until 14 September 2017 Vastned was included in the Amsterdam Midkap Index (AMX). As of 18 September 2018 it is included in the Amsterdam Small Cap Index (AScX).

Vastned's market capitalisation – the number of outstanding shares multiplied by the share price, was € 786 million at year-end 2017. The average daily trading volume in 2017 was € 1.7 million, or approx. 47,000 shares. Vastned employs Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

The majority of the trade in the Vastned share – 69% – took place on Euronext Amsterdam. Other platforms (Multilateral Trading Platforms, MTFs) on which the Vastned share was traded included Turquoise, Chi-X, LSE en BATS. See the chart below.

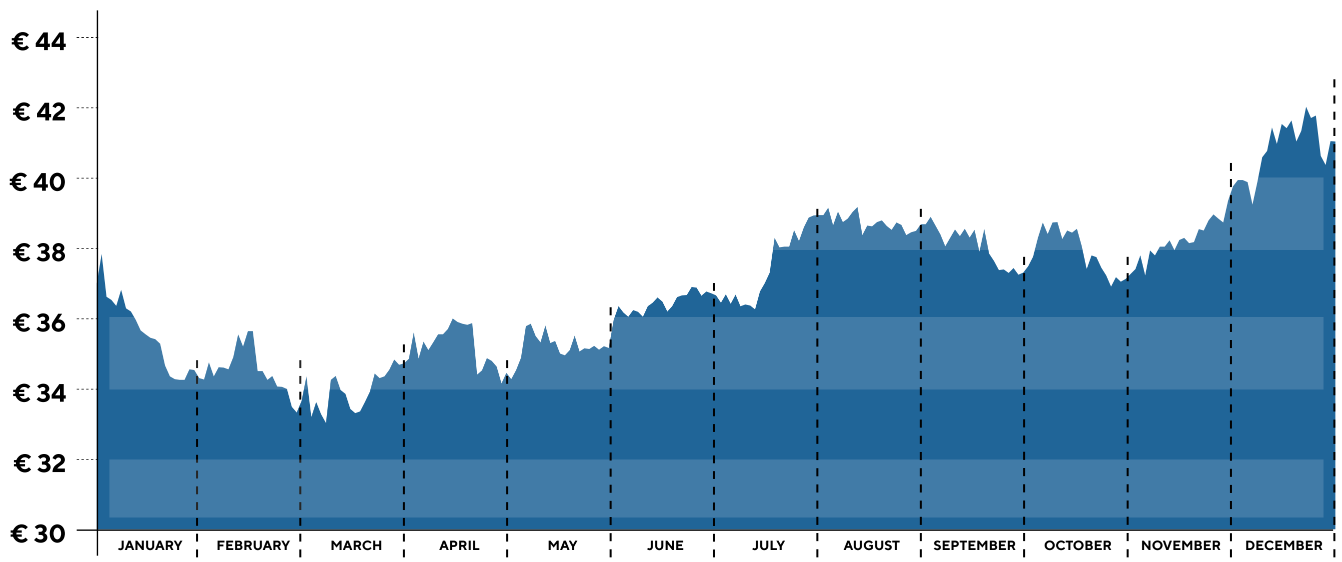
Trading of Vastned share on Euronext and MTFs



KEY DATA PER SHARE	2017	2016	2015	2014	2013
Direct result	€ 2.22	€ 2.42	€ 2.58	€ 2.44	€ 2.85
Indirect result	€ 2.89	€ (1.03)	€ 0.86	€ (0.77)	€ (7.64)
Dividend	€ 2.05 1)	€ 2.05	€ 2.05	€ 2.00	€ 2.55
Net asset value	€ 46.12	€ 42.26	€ 42.90	€ 41.09	€ 41.23

1) Subject to approval from the Annual General Meeting of shareholders on 19 April 2018

Movement Vastned share price in 2017



SHARE PRICE INFORMATION	2017	2016	2015	2014	2013
Market capitalisation (€ mln)	786	702	806	713	628
Lowest closing price	€ 32.98	€ 33.90	€ 36.40	€ 32.89	€ 29.55
Highest closing price	€ 41.90	€ 42.60	€ 48.99	€ 39.30	€ 36.30
Closing price year-end	€ 41.30	€ 36.86	€ 42.35	€ 37.45	€ 32.99
Average daily trading volume on Euronext (in shares)	47,000	31,000	43,000	46,000	46,000

2017 Shareholder return

Vastned's 2017 opening price was € 36.95. Over the year it ranged between € 32.98 and € 41.90, and closed the year at € 41.30. Vastned distributed a final dividend of € 1.32 per share for 2016 and an interim dividend for 2017 of € 0.64 per share, which results in a total shareholder return (price movement and dividend payment) for 2017 of 17.1% positive compared to 8.1% negative in 2016.

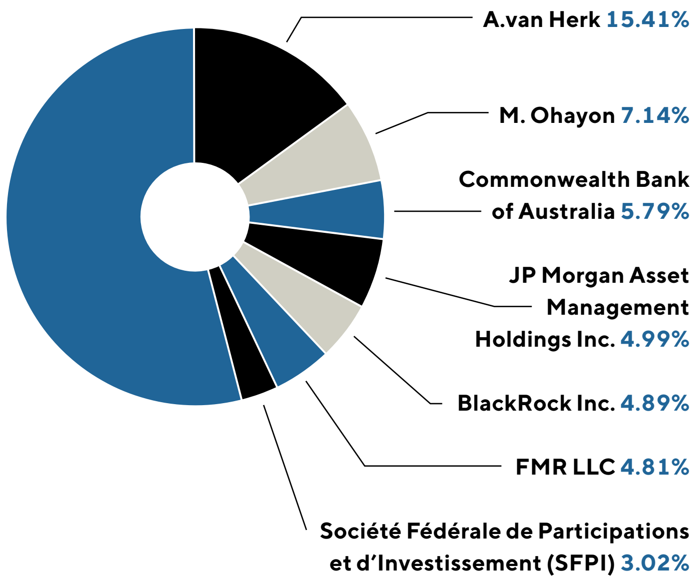
Dividend

Following approval from the Annual General Meeting of shareholders on 20 April 2017, Vastned paid out a final dividend for 2016 of € 1.32 per share. The total dividend for 2016 was € 2.05 per share, identical to 2015. In line with Vastned's dividend policy of paying out 60% of the direct result for the first half year, an interim dividend of € 0.64 was paid out on 21 August 2017.

Vastned proposes to the Annual General Meeting of shareholders to declare a dividend of € 2.05 per share for the full year 2017. This is equal to 92% of the direct result and is in line with the dividend policy to distribute a dividend of at least 75% of the annual direct result.

Share ownership

The following parties are known to Vastned under the Financial Supervision Act and the Disclosure of Major Holdings in Listed Companies Act (WMZ) as shareholders holding a capital interest of 3% or more of the shares in issue at year-end 2017:



There have been no transactions with major shareholders (being shareholders with a shareholding of more than 10%).

The Executive Board and two members of the Supervisory Board hold interests in Vastned in order to emphasise their involvement with the company and their belief in the strategy.

Share ownership Executive Board and Supervisory Board

	Number of shares at year-end 2017
Taco de Groot (CEO)	66,851
Reinier Walta (CFO)	1,000
Marc van Gelder (Chairman Supervisory Board)	7,100
Jeroen Hunfeld (Vice-chairman Supervisory Board)	1,400

After the share buy-back, which was settled on 19 May 2017, the total number of outstanding Vastned shares was reduced from 19,036,646 to 18,186,800. The nominal value per share is € 5.00. No shares were issued during 2017.

Share buy-back

On 11 April 2017 Vastned made a tender offer for the buy-back of its own shares to a value of a maximum of € 50 million. For this, it used part of the sales proceeds of the divestment of the entire Turkish portfolio. Vastned shareholders were offered the opportunity to offer their shares until 15 May 2017 23:59 hours CEST for a maximum price of € 35.19.

A total number of 849,846 shares were offered and purchased by Vastned. The share buy-back was settled on 19 May 2017 and the repurchased shares are now held as treasury shares.

Treasury shares

	2017
Position as at 1 January	-
Purchased	849,846
Position as at 31 December	849,846

Convertible bonds

In 2014, Vastned placed € 110 million in convertible bonds with institutional investors that will mature on 10 April 2019. These bonds will be convertible into Vastned shares, subject to Vastned opting for payment in cash or partial or full transfer of shares. The bonds have an annual coupon of 1.875% and had an initial conversion price of € 46.19. After the final dividend distributions for 2013, 2014, 2015 and 2016 and the interim dividend distributions in 2014, 2015, 2016 and 2017, the rights of the bondholders were adjusted. As of 4 August 2017, the conversion price was changed from € 43.34 to € 42.67. The bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange (ISIN code: XS1054643983).

Investor relations

INFORMATION PROVISION

Vastned is committed to communicating developments in the company promptly, simultaneously, clearly and unambiguously to all stakeholders. This is done by publishing press releases, interim reports and annual reports, trading updates, the Vastned website and Vastned's LinkedIn page. On the date of publication of the semi-annual and annual results, Vastned publishes its presentation to analysts on its website, where visitors can also watch a live webcast or a recording of the presentation.

In addition, the CEO, CFO and/or the Investor Relations Manager regularly have contacts with actual and potential shareholders and other market parties. Such contacts normally take place during roadshows, broker conferences, property viewings and in telephone conversations. The contacts occur with (large) groups of actual and potential shareholders, or in bilateral talks. Vastned has drawn up a Policy on bilateral contacts with shareholders, which has been published on the Vastned website.

Vastned also regularly asks different analysts and investors for their opinion of Vastned's communication in a survey conducted anonymously by an external party. The full survey report is shared and discussed with the Supervisory Board.

PRICE-SENSITIVE INFORMATION

Vastned complies with its statutory obligations in the area of confidentiality, disclosure of inside information and equal treatment of shareholders. Price-sensitive information is always disclosed to the general public through press releases, reported to the financial authorities (AFM) and placed on Vastned's website. Periodic financial reports and other press releases are published in the same way. In contacts with the press, individual investors and analysts, only previously published information is commented upon.

CLOSED PERIODS

During a 30-day period prior to the publication of its annual and semi-annual results, Vastned observes what are called 'closed periods'. There are no closed periods ahead of the publication of the trading updates after the first and third quarters.

In principle, Vastned does not hold discussions or conversations with actual or potential shareholders or other market parties during closed periods. The Executive Board may deviated from this principle if this is in the interest of the Company.

ANNUAL REPORT

In its annual reports Vastned strives to present the clearest and most transparent possible account of its activities and the developments throughout the past year, and of its plans for the year ahead. The annual report is also a key medium to explain the company's strategy and vision in detail.

Vastned's 2017 annual report was awarded with the company's seventh Gold Medal Award by the European Public Real Estate Association (EPRA). This award is presented to companies who have best implemented EPRA's Best Practice Recommendations (BPR). The BPR aim to raise the transparency and consistency of the financial reporting of listed property companies.

Quality, stability and predictability are core values that Vastned strives for in all its activities, including its (financial) reporting. Vastned has reported in accordance with the EPRA sustainability BPR (sBPR) for the 2016 financial year, which resulted in a Gold Award for the 2016 annual report and recognition by being one of the 'Most Improved Companies' in this area according to the EPRA.

SELL-SIDE ANALYSTS

Vastned is being followed closely by eight parties that regularly publish reports on its developments. Analysts' reports and valuations of analysts that are send to Vastned ahead of publication are not evaluated, commented on or corrected by Vastned, except for factual inaccuracies. Vastned does not pay any fees to parties for preparing analysts' reports.

Banks	Recommendation	Target price
ABN AMRO	Buy	€ 43.00
Berenberg Bank	Buy	€ 42.00
DegroofPetercam	Buy	€ 42.00
Green Street Advisors	Buy	€ 40.83
ING	Hold	€ 43.00
JP Morgan	Overweight	€ 45.00
Kempen & Co.	Neutral	€ 35.50
Kepler Cheuvreux	Hold	€ 39.00

Most recent recommendations and target prices

CONTACT INFORMATION

For further information and questions about Vastned and/or Vastned shares, please contact Vastned's Investor Relations Manager: +31 20 2424300.

2018 Financial calendar

19 April
Annual General Meeting of shareholders

23 April
Ex final dividend 2017 date

24 April
Final dividend record date 2017

8 May
Payment date final dividend 2017

after trading
Trading update first quarter 2018

1 August
after trading
Publication half-year results 2018

6 August
Ex interim dividend 2018 date

7 August
Interim dividend record date 2018

21 August
Payment date final dividend 2018

30 October
after trading
Trading update first nine months 2018

PARIS

Big City
Small Stories

PARIS

38,000 RESTAURANTS

3263 BARS

1134 BOOKSHOPS

MOST EXPENSIVE MENU **€310** (L'ARPÈGE)

310 CINEMAS

16 METRO LINES

105 MICHELIN STAR RESTAURANTS

171 NIGHTCLUBS & DISCOTHEQUES

550 MARKETS

HIGHEST BUILDING **325** METRES (EIFFEL TOWER)

POPULATION **2.2 MILLION**

7 MAIN RAILWAY STATIONS

150 MUSEUMS

NUMBER OF VISITORS TO TOP 5 MUSEUMS **26.6 MILLION**

490 THEATRES

2 OLYMPIC GAMES **(1900 & 1924)**

AVERAGE TEMPERATURE **18°C**

TOTAL LENGTH CYCLE PATHS **371** KILOMETRES

Anne Bourlois

AUX VIEUX COMPTOIR

When Anne and Cyril bought Aux Vieux Comptoir in 2001, it was a neighbourhood bar. With lots of love and persistence they turned it into a 'bistronomique' restaurant with a fairly unique selling point: 'Be greedy, indulge yourself!' When in Paris, this is the place to be.

'We love our restaurant because it is a warm, friendly place where we offer fully homemade cuisine with a large selection of wines, which is my job and my passion,' says Anne. 'We were able to let our business flourish and make our wish come true. The concept is continuously changed, both the menu and the wines. The part of the work I love most is to welcome the guests and give advice. I am very proud that the restaurant has been recognised as one of the 100 best bistros in Paris.

Apart from the menu and the concept, our success is probably due to the magnificent location. Au Vieux Comptoir is located in Châtelet, known as the belly of Paris, and in the heart of the district of Saint-Germain l'Auxerrois (the street Lavandières-Sainte-Opportune dates back to 1244). This district is dominated by the two oldest palaces built by the kings, which are now accessible to the public. The current Palace of Justice and the Louvre Palace dedicated to the arts, the theatres, the shopping streets, and the central access by metro, bus and taxi make Les Halles and Place du Châtelet one of the important crossroads of the Ile-de-France, and tourists from around the world come here to see it.'

If the walls of Aux Vieux Comptoir could talk, no doubt they would be telling fascinating stories of ancient Paris. At the time when most of the city was established on to the island, it was essential to protect access to the river banks. The end of each bridge (the big bridge, now the Pont au Change, and the small bridge) was therefore defended by a small castle or chatelet. On the right bank was the Grand Châtelet and on the left bank the Petit Châtelet. It is possible that the Grand Châtelet was built on the site of a fortress that already existed under Julius Caesar, which would have been both the first defence of the city and the first place where taxes were paid.

Tips

Restaurant	↑ **Les Philosophes**
Café	Le Victoria
Coffee	Nespresso
Children's clothing	Bonpoint
	Petit Bateau
	Jacadi

'WE ARE SHOWING **OUR KIDS** AROUND PARIS

Janine Coleman (36), husband **Casey Coleman** (37) and their children **Adèle** (5), **Thomas** (3) and **Elias** (1)
Profession Studied French, now housewife (Janine), games developer (Casey) / **From** San Francisco, USA /
Where Rue Vieille du Temple / **Le Marais** 'Home'

Janine: 'We are showing our kids around Paris. Casey and I both went to Paris in our teens with friends, separately. It made an unforgettable impression. We have rented an apartment just around the corner. Climbing all those stairs with the stroller is a bit of a challenge, but otherwise Le Marais is a great little district. So it is definitely worth it. Paris feels like home. It's small and charming, with merry-go-rounds, little bakeries, food markets and boutiques. We mainly buy clothes for the children.'

Casey: 'Foodmarket Bon Marché just behind us is fantastic. I love to walk through there in the morning. And of course we go for pancakes with the kids almost every day. It's unavoidable. And we also get our fill of the culture: we've climbed the Eifel tower, and visited the Arc de Triomphe and the Notre-Dame.'

Berry Rutjes (50)
Profession Hat designer / **From** The Hague, the Netherlands / **Where** Rue des Rosiers / **Le Marais** 'Artistic neighbourhood'

THE BOUTIQUES ARE UNIQUE, OFTEN ARTISTIC AND CREATIVE

'I've come to Paris for the day with friends. It's a short trip on the Thalys these days. We want to see the Dior exhibition. There was a massive queue, so my friends are buying tickets and I can do a quick tour of Le Marais. I've been coming to this area at least twice a year for twenty years. The boutiques are unique, often artistic and creative. The last time I was here was six months ago, and I can see new shop windows already. Discovering new things has become something of a sport for me. But I also love visiting the old familiar shops. Tea shop Kusmi is the best!'

Tips

Restaurant	Bistro Colette
Tea	**Kusmi Tea** ↗
Coffee	Café des Psalms

Friends **Marion Lacrouts** (26) and **Florent Ursulet** (30)
Profession Secretary (Marion), carpenter (Florent) / **From** Bordeaux / **Where** Rue des Rosiers / **Le Marais** 'Jewish bakeries'

YOU CAN'T GET THESE INGREDIENTS IN BORDEAUX

Marion: 'Florent lives in Martinique and is over in France for a few months. He is staying with us. Every Saturday we come to Le Marais to get ingredients for my dad from bakery Finkelsztajn, so he can make his own Jewish cakes at home. You can't get these ingredients in Bordeaux. That is to say, there is far more choice here. It's a bit of a journey, but I don't mind making it. I always enjoy myself here.'

Tips

Bakery	**Finkelsztajn** ↓
Books	Jewish bookshop
	Librairie du Temple

Girlfriends **Marlis Flinn** and **Georgia Kimmel** (both 20)
Profession Students of Art History / **From** Atlanta, USA; Marlis is living in Le Marais for six months / **Where** Rue Vieille du Temple / **Le Marais** 'Beautiful history'

I LOVE WALKING IN THIS AREA

Marlis: 'I am studying Art History at the Sorbonne for a semester. Every morning I eat a roll at the Viennoiserie on the Rue Vieille du Temple. I am renting a room in the opposite street with a few other American students. My friend Georgia from Atlanta is visiting for a few days, and I'm showing her around. I love walking in this area. The old Jewish quarter is a great place, with lovely shops and small restaurants. In Le Marais, and in fact all over Paris, there is an abundance of historical buildings and museums. America is really poor in terms of history. To me, Paris is the icing on the cake. I don't usually go out in Le Marais, because it is a very gay area. But Le Perchoir is fun! What I'll be missing when I go back home? The bread!'

Tips

Restaurant	Les Philosophes
Café	**Rooftop bar of Le Perchoir** ↙
Bakery	Viennoiserie

Pierre Onnillon (50) and his parents **Marie** and **Jean-Pierre Onnillon** (71 and 73)
Profession Fashion director (Pierre), retired (Marie and Jean-Pierre) / **From** Paris, Le Marais / **Where** Rue Vieille du Temple / **Le Marais** 'Trendy'

LE MARAIS IS **THE TRENDIEST PART** OF PARIS

Pierre: 'My parents have come over to visit me for a few days. They live in the south of France. I love it when they are here. We go out for dinner, we go shopping and often end up in an outdoor café. Le Marais has everything; it's the trendiest part of Paris. I wouldn't want to live anywhere else. It's safe here, even at night. They are still renovating the area very well. That's what keeps the historical character of the area.'

Tips

Restaurant	Les Philosophes
Outdoor café	Any on Rue des Archives
Festival	**World Music Day in June ↗**

Colleagues **Marianne Bonnevaud** (25) and **Jeremy Chevry** (27)
Profession Nespresso baristas / **From** Paris banlieue (suburbs) / **Where** Rue des Francs Bourgeois / **Le Marais** 'Great coffee!'

THE PUBLIC AROUND HERE IS VERY DIVERSE: TOURISTS, LOCALS, AND BUSINESS PEOPLE

Marianne: 'My daily commute is about 45 minutes, but it is well worth it. Le Marais is a great area to work. And Nespresso is a nice coffee company with a wonderful work environment. We serve delicious coffee. The public around here is very diverse: tourists, locals, and business people. That variation is what makes my job fun. After work I often drop in at our neighbours Uniqlo, just to see if they happen to have something I like. I like basic clothes.'

Tips

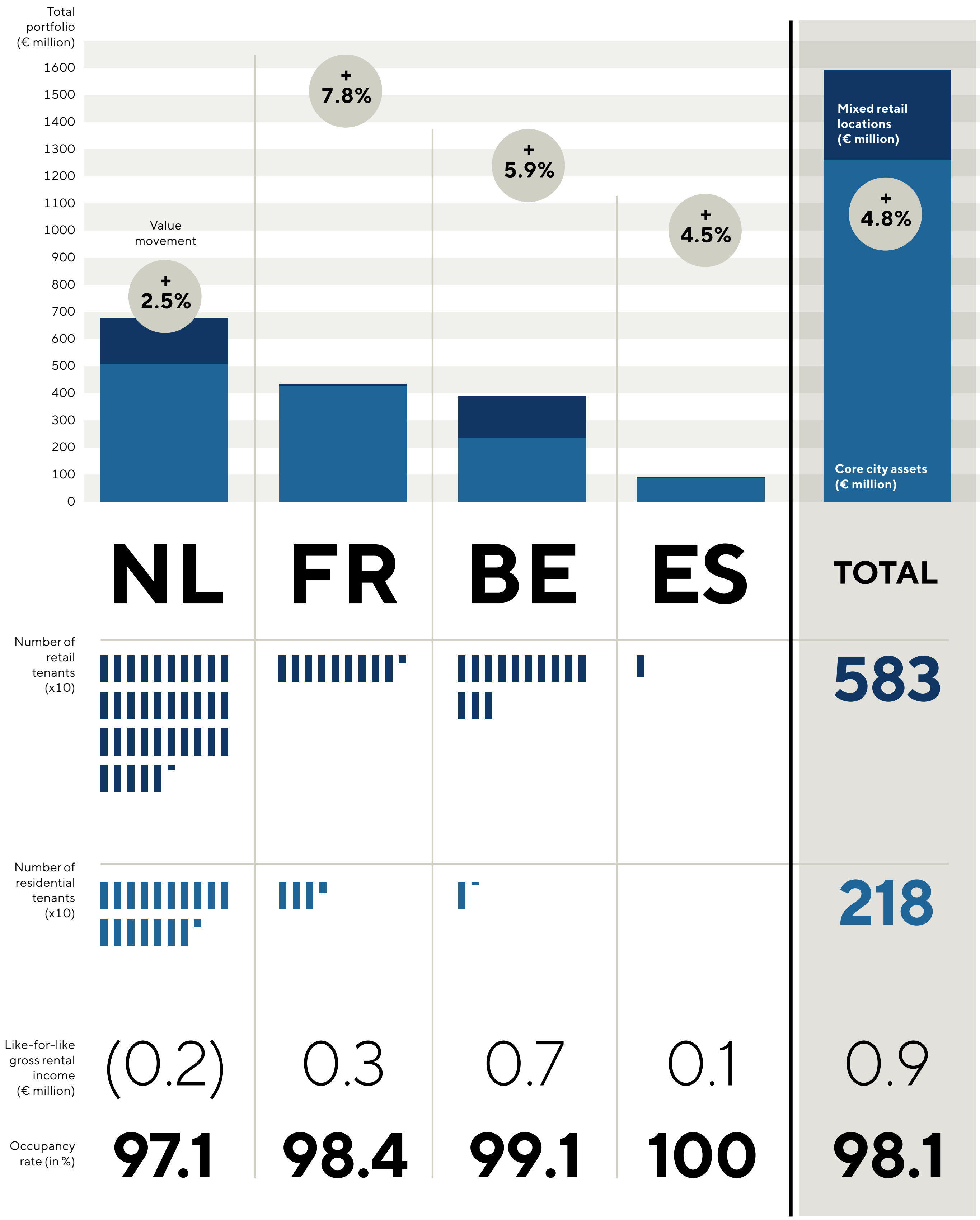
Coffee	**↓ Nespresso**
Clothing	Uniqlo Cashmere
Festival	La Boumette in Palais Garnier

Report of the Executive Board

Review of the property portfolio / Review of the 2017 financial results / Dividend policy and proposal / Events after balance-sheet date / 2018 Outlook / Sustainability Personnel and organisation / Corporate Governance / Risk management / Responsibility statement

4

Review property portfolio



Introduction

At year-end 2017, the size of the property portfolio was € 1.6 billion (year-end 2016: € 1.6 billion), of which € 1.3 billion were core city assets (year-end 2016: € 1.2 billion), and € 332 million were mixed retail locations (year-end 2016: € 371 million).

10 LARGEST TENANTS	Theoretical gross rental income (in € million)	Theoretical gross rental income (in %)	Number of units	GLA (x 1,000 sqm)
1. H&M	9.9	12.5	12	21.1
2. Inditex	5.1	6.4	9	8.9
3. Forever 21	2.7	3.4	1	4.5
4. AS Watson	2.0	2.5	16	6.0
5. GAP	1.5	1.8	1	0.9
6. Blokker Group	1.4	1.8	11	8.6
7. Adidas	1.3	1.6	2	0.8
8. Nespresso	1.1	1.4	2	0.9
9. Ahold	1.1	1.4	5	5.3
10. Ferragamo	1.0	1.3	1	0.6
	27.1	34.1	60	57.6

10 LARGEST CORE CITY ASSET PORTFOLIOS	Book value (in € million)	Theoretical gross rental income (in € million)	Occupancy rate (in %)	Number of tenants	GLA (x 1,000 sqm)
1. Amsterdam	310.1	11.6	99.4	48	14.4
2. Paris	209.6	7.9	100.0	17	6.9
3. Antwerp	95.4	4.2	99.6	21	8.0
4. Bordeaux	93.8	3.6	100.0	20	6.6
5. Utrecht	90.5	4.3	99.4	37	12.7
6. Madrid	81.0	2.9	100.0	6	2.4
7. Lille	59.6	2.9	98.4	26	6.2
8. Brussels	58.0	3.0	100.0	11	8.3
9. Ghent	45.9	1.8	100.0	3	7.4
10. The Hague	43.8	2.1	100.0	11	5.5
Total	1,087.7	44.3	99.6%	200	78.4

Occupancy rate

In 2017, the occupancy rate of both the core city assets and the mixed retail locations rose further. The core city assets were virtually fully let (99.6%) while the mixed retail locations were 95.1% let, taking the occupancy rate for the total portfolio to 98.1% at year-end 2017. Vastned considers the high occupancy rate as evidence of the attractiveness of its portfolio.

OCCUPANCY YEAR-END 2017 (%)	Netherlands	France	Belgium	Spain	Total
Core city assets	99.6	99.3	99.9	100.0	99.6
Mixed retail locations	93.7	83.7	98.4	100.0	95.1
Total	**97.1**	**98.4**	**99.1**	**100.0**	**98.1**

OCCUPANCY YEAR-END 2016 (%)	Netherlands	France	Belgium	Spain	Turkey	Total
Core city assets	99.1	98.6	99.2	100.0	99.6	99.1
Mixed retail locations	92.3	88.3	97.6	100.0	-	93.9
Total	**95.8**	**97.9**	**98.5**	**100.0**	**99.6**	**97.3**

Leasing activity

LEASING ACTIVITY 2017		Volume		Movement in gross rental income	
	Number of leases	in € million	% of TGOI	%	in € 1.000
Core city assets	25	3.6	4.5	10.4	337
Mixed retail locations	72	3.8	4.9	(10.1)	(434)
Total	**97**	**7.4**	**9.4**	**(1.3)**	**(97)**

In 2017, Vastned concluded 97 leases for a total annual amount of € 7.4 million, or 9.4% of the total theoretical annual gross rental income. In 2016, Vastned concluded 102 leases for a total annual amount of € 10.0 million, or 11.2% of the total theoretical annual gross rental income.

Vastned concluded leases with Nespresso, Clarins, JD Sports, Cyrillus, Hunkemöller, Fusalp, Pepe Jeans, and others. Nespresso opened its new concept store at rue des Francs Bourgeois 29 in the historical district le Marais in Paris and cosmetics brand Clarins opened its first retail concept store in France outside Paris, at Cours de l'Intendance 64-66 in Bordeaux.

In Madrid Pepe Jeans renewed its lease for Calle de Fuencarral 23, a popular high street in the centre of Madrid.

Vastned realised a 10.4% rent increase on the 25 leases that were concluded for core city assets. The other 72 leases were concluded for mixed retail locations, mainly in the Netherlands. On these leases, rents declined on average by 10.1%.

By expanding the share of core city assets and selling certain assets of the mixed retail locations, Vastned will further raise the quality of the total portfolio, which will let the positive results of the core city assets dominate.

Like-for-like gross rental growth

The positive trend in the like-for-like gross rental growth of the past year is continuing. The like-for-like gross rental growth in 2017 rose to 1.3% positive, compared to 0.5% negative in 2016 and 0.9% negative in 2015.

Core city assets in all countries generated a positive like-for-like gross rental growth. The mixed retail locations in Belgium and Spain also realised a positive like-for-like gross rental growth. This offset the negative like-for-like gross rental growth of the mixed retail locations in the Netherlands and France, resulting in a positive like-for-like gross rental growth in the total portfolio.

LIKE-FOR-LIKE GROWTH AS A % OF GROSS RENTAL INCOME	Netherlands	France	Belgium	Spain	Total
Core city assets	1.8	3.6	4.7	4.3	3.1
Mixed retail locations	(3.3)	(19.3)	3.1	1.6	(1.8)
Total	**(0.5)**	**1.9**	**3.9**	**4.1**	**1.3**

Lease incentives

Lease incentives, such as rent-free periods, lease discounts, and other payments or contributions to tenants in 2017, made up on average 2.2% of the gross rental income. This was unchanged from 2016 (2.2%).

The difference between the actual and the IRFS lease incentives is the straightlining of the lease incentives. In actual amounts the difference in lease incentives was € 0.1 million lower: year-end 2017: € 1.8 million compared to € 1.9 million at year-end 2016.

AS A % OF THEORETICAL GROSS RENTAL INCOME	2017		2016	
	Actual	IFRS	Actual	IFRS
Core city assets	2.6	2.2	2.3	2.1
Mixed retail locations	2.7	2.3	2.4	2.4
Total	**2.6**	**2.2**	**2.3**	**2.2**

Market rent

The market rent or estimated rental value (ERV) of the various retail units is based on appraisals carried out by independent appraisers acting on Vastned's instructions. The market rent is important for identifying reletting opportunities and threats. Relative to the market rent, the theoretical rental income (the gross annual rent of the existing leases plus the market rent of the vacancy) was 100.1% of the market rent at year-end 2017 (2016: 99.4%). For over- or underrent, it is important to check both actual amounts and percentages. In actual amounts, the overrent for the total portfolio was € 0.1 million, whereby the core city assets showed underrent of 4.0% or € 2.2 million.

OVER/UNDERRENT AT YEAR-END 2017	Theoretical gross rent (€ million)	Market rent (€ million)	Over/underrent (in %)
Core city assets	52.6	54.8	4.0
Mixed retail locations	26.7	24.4	(9.6)
Total	**79.3**	**79.2**	**(0.1)**

Lease expiration

The durations of the leases vary depending on specific agreements and local statutory regulations and customs. Vastned operates in four countries with different types of leases in each of them.

CUSTOMARY LEASE DURATIONS AND INDEXATIONS	TERM	INDEXATION
NETHERLANDS	In the Netherlands virtually all leases are concluded for a period of five years, whereby the tenant has one or more options to renew the lease by another five years.	Based on CPI.
FRANCE	In France, leases are normally concluded for a period of at least nine years, whereby the tenant has the option of renewing or terminating the lease every three years.	Based on the construction cost index (ICC), or based on a weighted mix of the construction cost index, the cost of living index and retail trade prices (ILC) 1).
BELGIUM	In Belgium leases are normally concluded for a period of nine years, with early termination options after three and six years.	Based on the health index (derived from the CPI).
SPAIN	In Spain leases are normally concluded for a minimum period of five years.	Based on the cost of living index (CPI).

1) In France, less and less leases are subject to ICC indexation, because new legislation prescribes that as of September 2014 the indexation of the rent concluded in leases should be based on ILC indexation.

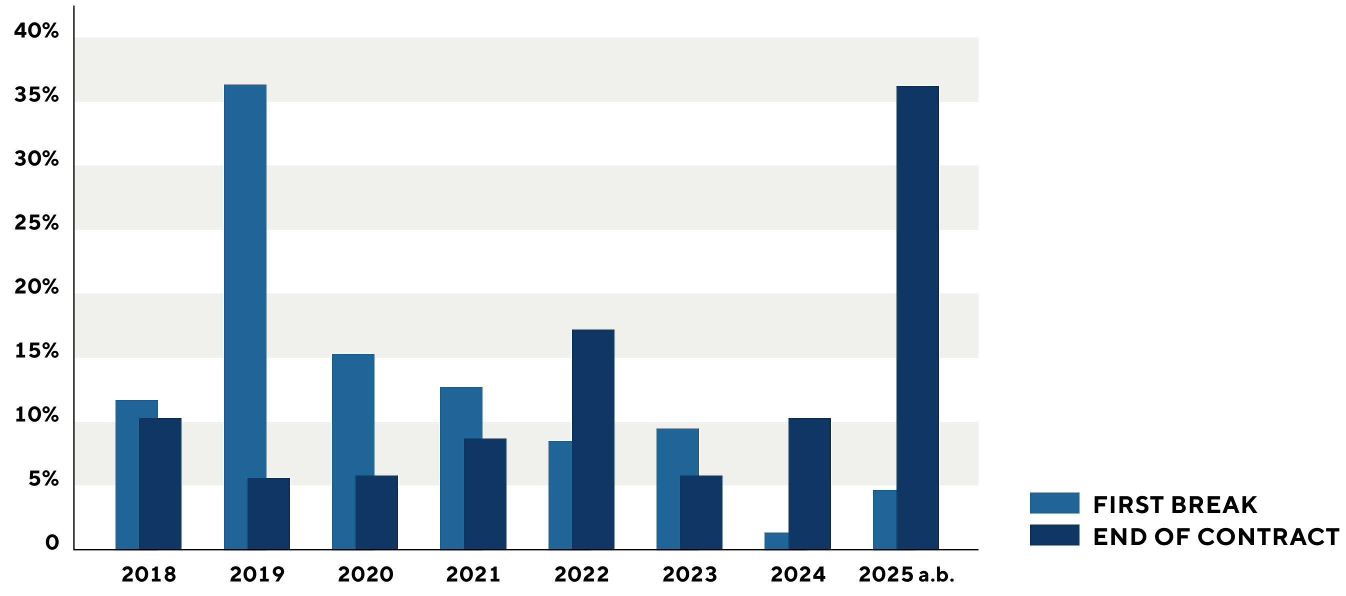
Demand for temporary leases has increased in the past few years, mainly for what are referred to as 'pop-up stores'. Vastned has responded to this trend by letting out vacant units temporarily. The Diabetes Fonds and artist Joseph Kiblansky have been among our temporary tenants.

Within the expirations, Vastned distinguishes between the next termination date for the tenant (first break) and the end of the lease (end of contract). The table below lists the expiry dates of the property portfolio by category.

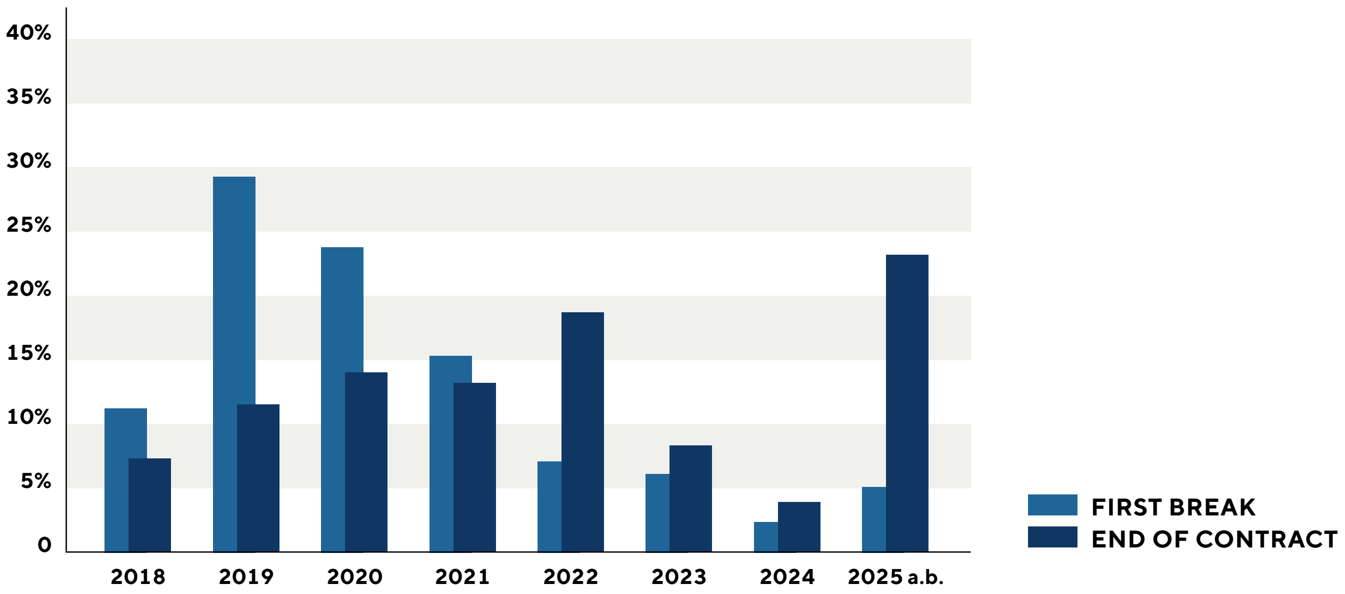
Average duration of leases

AVERAGE DURATION OF LEASES	First break	End of contract
Core city assets	2.8	6.0
Mixed retail locations	2.9	4.7
Total	**2.9**	**5.6**

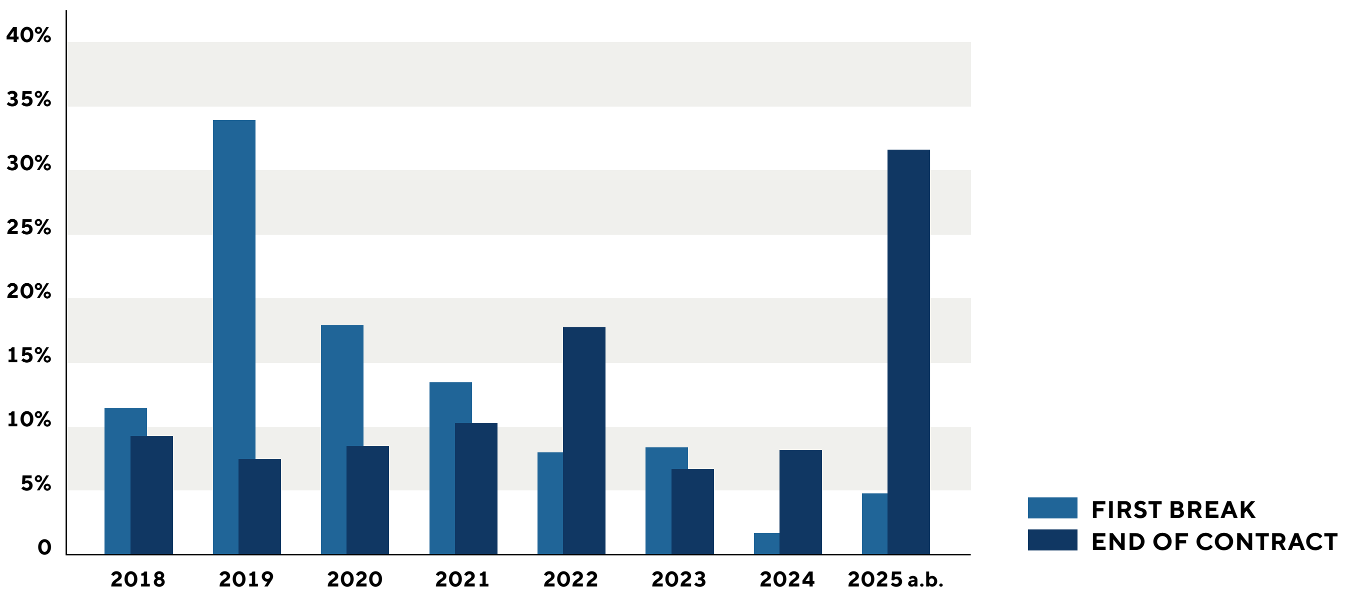
LEASE EXPIRIES AT YEAR-END 2017 - CORE CITY ASSETS



LEASE EXPIRIES AT YEAR-END 2017 - MIXED RETAIL LOCATIONS



LEASE EXPIRIES AT YEAR-END 2017 - TOTAL



11.5% of the total leases, or € 8.9 million in gross rental income, can be terminated or renewed in 2018.

Appraisal methodology

The larger properties with an expected value of at least € 2.5 million make up 88% of Vastned's property portfolio and are appraised every six months by internationally reputed appraisers. Smaller properties, with an expected value of below € 2.5 million, are appraised externally once a year, spread evenly across the half years. As at 30 June 2017 95% of the portfolio was appraised by an external appraiser; as at year-end 2017 94%.

Vastned ensures that the external appraisers have all the relevant information needed to reach a well-considered assessment. The appraisal methodology employed by the external appraisers is based on international appraisal guidelines (among which RICS Appraisal and Valuation Standards). This appraisal methodology is explained in detail on page 177 of the financial statements.

Value movements

The value of the property portfolio, excluding acquisitions and divestments, rose by € 71.3 million, or 4.8%, compared to year-end 2016. The increase was due to the value increase of the core city assets of € 77.6 million, or 6.8%, which amply compensated for the € 6.3 million decrease on the mixed retail locations.

VALUE MOVEMENTS	Portfolio value (in € million)	Value movement (in %)	Value movement (in € million)
Core city assets	1,260	6.8	77.6
Mixed retail locations	332	(1.9)	(6.3)
Total	**1,592**	**4.8**	**71.3**

Acquisitions

Vastned has expanded its core city asset portfolio further by making acquisitions for a total amount of € 37.6 million.

In Amsterdam Ferdinand Bolstraat 47-49 (€ 4.1 million including acquisition costs) and Spuistraat 3E/Nieuwezijds Voorburgwal 24 (€ 1.5 million including acquisition costs) were acquired. The double core city asset at Ferdinand Bolsstraat 47-49 is leased to concept store Circle of Trust. The floor area of this double retail unit is over 200 square metres. The four apartments above the shop were also purchased. The food and beverage establishment at Spuistraat 3E/Nieuwezijds Voorburgwal 24 is leased by grill restaurant Gauchos.

In Antwerp Vastned acquired three adjoining core city assets at Steenhouwersvest 44-48 for € 6.4 million including acquisition costs. The total retail area of these three shops is approx. 190 square metres, which Vastned leases to Diane von Furstenberg, Damoy and Le Pain Quotidien. The five apartments on the floors above were also acquired, and let after a complete renovation.

In Paris Vastned expanded its cluster in le Marais with rue des Francs Bourgeois 29 (€ 15.8 million including acquisition costs) and rue des Rosiers 19 (€ 4.0 million including acquisition costs). Rue des Francs Bourgeois 29 used to be a showroom and a retail space, which Vastned joined into one big floor area of approx. 200 square metres. After completion, Nespresso opened its concept store here. Rue des Rosiers 19 has a retail floor area of approx. 76 square metres and is let to Spanish men's fashion retailers Scalpers.

Furthermore, at the end of 2017 Vastned acquired the food and beverage property at Vismarkt 4 in Utrecht, which is let to Coffeecompany, for € 1.9 million including acquisition costs. Vredenburg 1 in Utrecht was acquired for € 4.2 million including acquisition costs.

Divestments

As part of its strategy, Vastned divested non-strategic assets for a total amount of € 122.8 million in 2017. The biggest divestment was the sale of the entire Turkish portfolio that consisted of nine core city assets in Istanbul, and various properties in the Netherlands, Belgium and France for € 27.1 million in total.

Review 2017 financial results

The table below itemises the 2017 financial results:

FINANCIAL RESULTS 2017 (€ 1,000)	Direct result	Indirect result	Total
Result from continuing operations	39,478	53,510	92,988
Result from discontinued operations	1,656	1	1,657
Result attributable to Vastned Retail shareholders	**41,134**	**53,511**	**94,645**
Result attributable to non-controlling interests	4,614	7,350	11,964
Total	**45,748**	**60,861**	**106,609**

Result from discontinued operations

By qualifying the Turkish activities as ‘discontinued operations’, the results from these activities are recognised separately in the income statement. The comparative figures for 2016 have been adjusted accordingly.

2017 result attributable to Vastned Retail shareholders

The result is comprised of the direct and the indirect result, and was € 94.6 million positive in 2017 (2016: € 26.4 million positive). The main reason for this higher result was the increase of the indirect result from € 19.7 million negative in 2016 to € 53.5 million positive in 2017. This was caused mainly by positive value movements. The direct result fell from € 46.1 million in 2016 to € 41.1 million in 2017 due to lower net rental income and discontinued operations in Turkey.

DIRECT INVESTMENT RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

Due to the sale of the entire Turkish portfolio and the divestments in mainly the Dutch portfolio the direct result decreased from € 46.1 million in 2016 to € 41.1 million in 2017. These divestments were in line with the strategy of further raising the quality of the total property portfolio.

INDIRECT INVESTMENT RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

The indirect result in 2017 was € 53.5 million positive, against € 19.7 million negative in 2016. The increase was mainly due to value increases in 2017.

In 2017, the value of the total property portfolio, taking into account the write-off of acquisition costs, rose by € 64.1 million. The value of the core city assets increased by € 77.8 million, while the value of the mixed retail locations fell by € 13.7 million.

Development net rental income 2017
(in € 1,000)

CORE CITY ASSETS	The Netherlands	France	Belgium	Spain/ Portugal	Total continuing operations	Discontinued operations	Total
Gross rental income 2016	20,637	15,197	9,442	2,250	47,526	8,171	55,697
Acquisitions	336	865	105	802	2,108	-	2,108
Disposals	(661)	-	-	-	(661)	(6,320)	(6,981)
Like-for-like rental growth	368	550	441	96	1,455	-	1,455
Gross rental income 2017	**20,680**	**16,612**	**9,988**	**3,148**	**50,428**	**1,851**	**52,279**
Operating expenses 1)	(2,532)	(972)	(796)	(218)	(4,518)	(40)	(4,558)
Net rental income 2017	**18,148**	**15,640**	**9,192**	**2,930**	**45,910**	**1,811**	**47,721**
Net rental income 2016	18,209	13,910	8,815	2,082	43,016	7,710	50,726
Operating expenses in % of gross rental income:							
• in 2017	12.2	5.9	8.0	6.9	9.0	-	8.7
• in 2016	11.8	8.5	6.6	7.5	9.5	5.6	8.9

1) Including ground rents paid and net service charge expenses.

MIXED RETAIL LOCATIONS	The Netherlands	France	Belgium	Spain	Total continuing operations	Discontinued operations	Total
Gross rental income 2016	21,850	1,263	9,458	1,202	33,773	-	33,773
Acquisitions	-	-	-	-	-	-	-
Disposals	(4,893)	-	(292)	(1,028)	(6,213)	-	(6,213)
Like-for-like rental growth	(556)	(244)	289	3	(508)	-	(508)
Gross rental income 2017	**16,401**	**1,019**	**9,455**	**177**	**27,052**	**-**	**27,052**
Operating expenses 1)	(1,978)	(355)	(784)	(7)	(3,124)	-	(3,124)
Net rental income 2017	**14,423**	**664**	**8,671**	**170**	**23,928**	**-**	**23,928**
Net rental income 2016	17,908	836	8,529	1,056	28,329	-	28,329
Operating expenses in % of gross rental income:							
• in 2017	12.1	34.8	8.3	4.0	11.5	-	11.5
• in 2016	18.0	33.8	9.8	12.1	16.1	-	16.1

1) Including ground rents paid and net service charge expenses.

TOTAL	The Netherlands	France	Belgium	Spain/ Portugal	Total continuing operations	Discontinued operations	Total
Gross rental income 2016	42,487	16,460	18,900	3,452	81,299	8,171	89,470
Acquisitions	336	865	105	802	2,108	-	2,108
Disposals	(5,554)	-	(292)	(1,028)	(6,874)	(6,320)	(13,194)
Like-for-like rental growth	(188)	306	730	99	947	-	947
Gross rental income 2017	**37,081**	**17,631**	**19,443**	**3,325**	**77,480**	**1,851**	**79,331**
Operating expenses 1)	(4,510)	(1,327)	(1,580)	(225)	(7,642)	(40)	(7,682)
Net rental income 2017	**32,571**	**16,304**	**17,863**	**3,100**	**69,838**	**1,811**	**71,649**
Net rental income 2016	36,117	14,746	17,344	3,138	71,345	7,710	79,055
Operating expenses in % of gross rental income:							
• in 2017	12.2	7.5	8.1	6.8	9.9	-	9.7
• in 2016	15.0	10.3	8.2	9.1	12.2	5.6	11.6

1) Including ground rents paid and net service charge expenses.

Net income from property

GROSS RENTAL INCOME

The gross rental income was € 77.5 million in 2017 compared to € 81.3 million in 2016. The table on page 79 presents a breakdown by country.

Acquisitions (€ 2.1 million increase)
Due to acquisitions in France, Spain, the Netherlands and Belgium, Vastned increased its gross rental income by € 2.1 million compared to 2016.

In France, Paris core city assets rue des Francs Bourgeois 29 and rue des Rosiers 19 were acquired in 2017; these properties together with the properties rue des Archives 21, rue de Rennes 146 and rue du Vieille du Temple 26, also in Paris, generated a rise of the gross rental income in France of € 0.9 million.

In Spain the acquisitions of two core city assets (Calle José Ortega y Gasset 15 and Calle de Fuencarral 37) in Madrid at the end of 2016, resulted in a € 0.8 million increase of the gross rental income.

€ 0.3 million of the increase was due to additional gross rental income from various acquisitions in Amsterdam and Utrecht in the Netherlands in 2016 and 2017.

In Belgium, the core city asset Steenhouwersvest 44-46-48 was acquired in Antwerp in 2017; as a result of this acquisition, gross rental income increased by € 0.1 million.

Divestments (€ 6.9 million decrease)
In line with the core city asset strategy Vastned sold € 122.8 million (€ 27.1 million excluding Turkey) worth of property in 2017; in 2016, property was sold for € 94.9 million. This improved the quality of the portfolio, but caused a € 6.9 million fall in the gross rental income compared to 2016. Of the decrease, € 5.6 million was due to property divestments in the Netherlands, of which € 0.9 million was due to retail properties sold in 2017. The remaining € 4.7 million of the decrease was due to divestments made in 2016.

In Spain the retail warehouse in Castellón de la Plana was sold in March 2016 and in December 2016 the entire Portuguese property portfolio was sold, resulting in a € 1.0 million decrease of the gross rental income in Spain and Portugal.

As a result of the divestment of Gasthuisstraat 5-7 in Turnhout in September 2016 the gross rental income in Belgium fell by € 0.3 million.

Like-for-like rental growth (€ 0.9 million increase)
The like-for-like rental growth of the gross rental income was € 0.9 million positive.

As the table on page 78 shows, the like-for-like gross rental growth for core city assets was € 1.4 million positive. The like-for-like gross rental growth of the mixed retail locations segment was € 0.5 million negative. Positive like-for-like gross rental growth of 3.1% for core city assets resulted in like-for-like gross rental growth of 1.3% for the total portfolio.

OPERATING EXPENSES (INCLUDING GROUND RENTS PAID AND NET SERVICE CHARGE EXPENSES)

Total operating expenses decreased from € 9.9 million in 2016 to € 7.6 million in 2017. Operating expenses fell by € 1.1 million due to divestments of non-strategic assets in the Netherlands, Spain and Portugal, but increased by € 0.2 million as a result of acquisitions of core city assets in the Netherlands, France, Belgium and Spain. On a like-for-like basis, the operating expenses decreased by € 1.4 million due to lower maintenance costs, lower allocations to the provision for doubtful debtors and the release of a provision made for doubtful debtors.

The operating expenses equalled 9.9% of the gross rental income (2016: 12.2%). Core city assets have lower operating expenses (8.9%) than mixed retail locations (11.6%).

VALUE MOVEMENTS IN PROPERTY

The value movements, taking property acquisition costs into account, were € 64.1 million positive in 2017 (2016: € 17.9 million positive). The value movements consist in total of value increases of the core city assets of € 77.8 million and value movements of the mixed retail locations of € 13.7 million negative.

The French, Belgian and Spanish property portfolios showed value increases of € 31.2 million, € 20.7 million and € 4.0 million respectively.

The property portfolio in the Netherlands rose € 8.2 million in value. The value movements in the Dutch property portfolio consist of the positive value movements of the core city assets of € 31.5 million and the value decreases of the mixed retail locations of € 23.3 million.

NET RESULT ON DISPOSAL OF PROPERTY

In 2017, Vastned sold property totalling € 27.1 million (excluding Turkey). Of these divestments, the Dutch property portfolio accounted for € 26.5 million; in Belgium non-strategic assets were sold for € 0.6 million.

The net result on the disposals realised in 2017 after deduction of sales costs was € 1.9 million negative.

Expenditure

NET FINANCING COSTS

The net financing costs including value movements of financial derivatives decreased from € 20.4 million in 2016 to € 16.0 million in 2017. The development of the net financing costs is presented in the table below.

DEVELOPMENT OF NET FINANCING COSTS (€ MILLION)

Net financing costs 2016	20.4
Decrease due to net divestments	(1.7)
Increase on balance due to lower average interest rate and changes in fixed/floating and working capital	0.4
Value movements financial derivatives	(3.1)
Net financing costs 2017	**16.0**

The net financing costs fell due to lower average interest-bearing debts resulting from divestments. The average interest rate rose by 6 basis points from 2.67% in 2016 to 2.73% in 2017, which pushed up interest expenses by € 0.4 million. The cause of the increase was that means released by divestments were used to redeem floating interest rate debts.

As a result of the changed market interest rate, the value movements of the interest rate derivatives were € 2.3 million positive (2016: € 0.8 million negative).

GENERAL EXPENSES

The general expenses in 2017 came to € 8.2 million, virtually unchanged from 2016.

CURRENT INCOME TAX EXPENSE

The income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.1 million (2016: € 0.5 million). The € 0.4 million decrease was caused by non-recurring lower tax expenses of the regularly taxed entities in the Netherlands, and the sale of the entity in Portugal at the end of 2016.

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

The movement in deferred tax assets and liabilities was € 2.7 million negative in 2017 (2016: € 0.2 million negative). The allocation to the deferred tax assets and liabilities in 2017 was due mainly to value increases in the core city assets in Spain and the value increase of a core city asset in the Netherlands that is held by a regularly taxed entity.

Result from discontinued operations

The direct result from the discontinued operations in Turkey fell by € 4.9 million in 2017 compared to 2016 due to the sale of these activities. The net result on disposals of property was € 5.7 million positive and the Translation reserve of € 5.7 million negative included in equity was transferred to the profit and loss account, so that the indirect result from discontinued operations in 2017 was nil.

Result per share

In 2017, Vastned made a tender offer to buy back its own shares. 849,846 shares were purchased in total at € 35.19 per share, at a total amount of € 30.1 million (including costs). The purchased shares will be held as treasury shares. As a result of the share buy-back the total number of outstanding shares fell from 19.0 million to 18.2 million. Due to the share buy-back the average number of outstanding Vastned shares fell from approx. 19.0 million in 2016 to approx. 18.5 million in 2017.

The result per share was € 5.11 positive (2016: € 1.39 positive). The result is comprised of the direct result per share of € 2.22 (2016: € 2.42) and the indirect result per share of € 2.89 positive (2016: € 1.03 negative).

THE DEVELOPMENT OF THE DIRECT RESULT PER SHARE WAS AS FOLLOWS: (IN €)

Direct result 2016	2.42
Like-for-like growth net rental income	0.13
Increase net rental income due to acquisitions	0.10
Decline of net rental income due to divestments	(0.31)
Decrease financing costs due to less interest-bearing loans	0.09
On average a decline of the financing costs due to lower average interest rate and change in fixed versus floating interest rates and working capital	(0.02)
Lower income taxes	0.02
Decline due to discontinued operations	(0.27)
Lower result attributable to non-controlling interests	(0.01)
Increase due to share buy-back	0.07
Direct result 2017	**2.22**

Financing structure

Financing is one of the cornerstones of Vastned's strategy. Vastned aims for a conservative financing structure, with a loan-to-value ratio of between 35% and 45%, diversification of financing sources e.g. by placing long-term bond loans with institutional investors (such as 'private placements'). With these private placements, Vastned has extended the duration of the long-term loan portfolio and realised a better spread of financings over lenders.
The existing interest rate policy to fix the interest rate of approximately two thirds of the loan portfolio has been continued.

During 2017, Vastned extended the duration of its existing € 375 million syndicated loan facility by one year to February 2023.

In addition, Vastned refinanced the entire loan portfolio of Vastned Retail Belgium whereby the average duration of the credit facilities was extended and the average interest rate decreased.

As at 31 December 2017, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 38.8% (year-end 2016: 41.8%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 59.2% (year-end 2016: 56.1%).

As at 31 December 2017, the loans structure had the following features:

- the outstanding interest-bearing loans totalled € 615.9 million (year-end 2016:€ 673.8 million);
- non-bank loans comprised € 270.9 million (44.0%) of the total outstanding interest-bearing loans;
- in 2023 long-term loans totalling € 257.9 million will expire. This amount is mainly related to a credit facility with a syndicate of five banks;
- 98.8% of the outstanding loans was long-term with a weighted average duration based on contract expiry dates of 4.3 years;
- 78.8% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate swaps, the private bond placements and the convertible bond loan;
- a good spread of rent review dates, with a weighted average duration of 4.1 years;
- the average interest rate in 2017, taking account of the agreed interest rate derivatives, the private bond placements and the convertible bond loan, was 2.7%. The average interest rate based on the outstanding interest-bearing debt as at year-end 2017 was 2.5%;
- 21.2% of the outstanding loans had a floating interest rate;
- the negative value of the interest rate derivatives was € 3.6 million (year-end 2016: € 6.3 million negative). The decrease of the negative value was mainly due to changes in the interest rate curve in 2017, and;
- the unused credit facilities were € 196.7 million.

With a solvency ratio of 59.2% and an interest coverage ratio of 3.9, Vastned complies with all the bank covenants. All financing contracts stipulate a 45% minimum solvency ratio and usually require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for the provision of security.

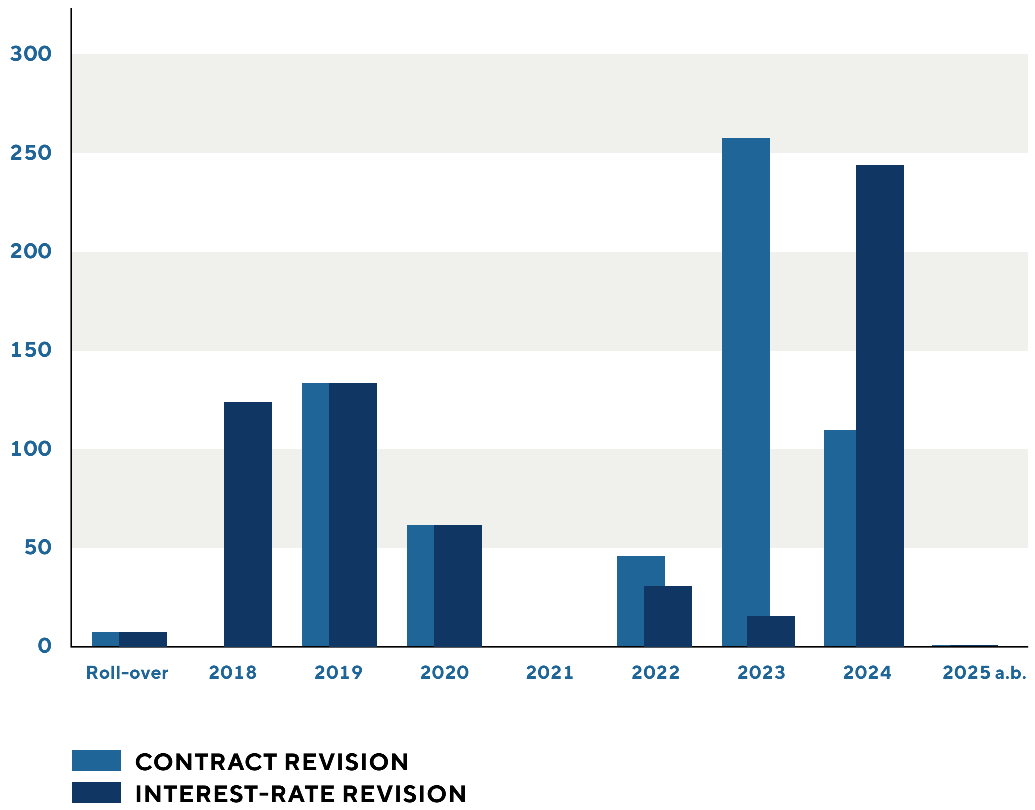
Due to the unused credit facilities of € 196.7 million by the end of 2017 there will be sufficient liquidity available to meet the short-term payment obligations.

LOAN PORTFOLIO YEAR-END 2017 (IN € MILLION)

	Fixed interest rate 1)	Floating interest rate	Total	As a % of total
Long term debt	485.0	123.6	608.6	98.8
Short term debt	0.1	7.2	7.3	1.2
Total	**485.1**	**130.8**	**615.9**	**100.0**
As a % of total	78.8	21.2	100.0	

1) Interest derivatives taken into account

CONTRACT AND INTEREST-RATE REVISION DATES OF THE LOAN PORTFOLIO YEAR-END 2017 (IN € MILLION)



Dividend policy and proposal

The dividend policy stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. In principle, no stock dividend will be distributed. The dividend policy thus prevents share dilution due to the distribution of stock dividend. The annual dividend distribution is effected by means of an interim and a final dividend. After the publication of the half-yearly results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

In Vastned's opinion a dividend distribution of at least 75% of the direct result leaves sufficient room for acquisitions. At the same time, its dividend policy generates a stable return for its shareholders. In this way, the dividend policy contributes to long-term value creation by Vastned.

In addition, for the determination of the dividend, Vastned takes into account the conditions attached to the status of a fiscal investment institution within the meaning of Article 28 of the 1969 Corporation Tax Act.

Dividend distribution for 2016 and dividend proposal for 2017

The Annual General Meeting of 20 April 2017 declared a dividend for the 2016 financial year of € 2.05 per share, which was charged to the freely distributable reserves. In August 2016, an interim dividend of € 0.73 per share had already been distributed, so the final dividend per share came to € 1.32.

In accordance with the dividend policy, 60% of the direct result for the first half year of 2017, or € 0.64 per share, was distributed as interim dividend on 21 August 2017. In the Annual General Meeting of shareholders of 19 April 2018, Vastned will propose to declare a dividend for the 2017 financial year of € 2.05 per share, unchanged from 2016 and 2015. Taking the interim dividend of € 0.64 into account, a final dividend will be declared of € 1.41 per share. The final dividend will be made payable on 8 May 2018.

At a closing price of € 41.30 on the last day of trading in 2017, which was 29 December, this equates to a dividend yield of 5.0%.

Events after balance-sheet date

On 14 January 2018 Vastned announced its intention to make a voluntary and conditional public takeover offer of € 57.50 per share in cash for all the shares in Vastned Retail Belgium NV that it does not yet hold. Due to a change in the law it has become possible to hold a non-listed property company in Belgium. Cancelling the stock exchange listing allows Vastned to save costs, which in return enables Vastned to offer Vastned Retail Belgium shareholders an attractive premium. Integrating the two companies will result in a simpler and more effective organisational structure, which will also enhance the growth possibilities in Belgium.

Furthermore, in January 2018 Vastned sold rue Saint-Jean 44-45 in Nancy for € 34.2 million including sales costs. This was 14.2% above the book value as at 30 June 2017. The property has a retail space of approx 4,800 square metres on five floors. It is occupied by various office and retail tenants, including H&M, Desigual and Calzedonia. This core city asset was for 96.4% let, but approx. 10% above market rents.

Outlook 2018

Continuity is what 2018 will be about at Vastned. Vastned will execute its strategy step by step, aiming to expand the property clusters in the five selected European cities. In 2018 Vastned expects to sell the remaining non-strategic assets in the Netherlands as announced in early 2017 in the context of the strategy update. Unfortunately, the supply of good acquisition opportunities in which Vastned can add value is limited at this time. The excess of capital and the low interest rates of recent years have led to a search for yield. This search for yield is generating an increasing demand for high-quality European property, which in combination with the limited supply of high-grade retail property in the well-known and upcoming high streets in Europe, is causing yield compression in the market. Vastned expects that this situation is unlikely to change in the near future. For Vastned's existing portfolio, this may lead to further value increases, but it also makes acquiring property that much harder.

Global debt levels are an issue. Worldwide debts are almost twice as high as before the financial crisis, which will have major consequences when the European Central Bank returns to 'normal' interest rate levels. The independence movement in Catalonia, in light of our ambitions in Barcelona, and ongoing populism in a few markets, are also concerns for Vastned. Such movements disturb the stability that Vastned strives for in its strategy.

At the same time, the mood in Europe appears to be improving with a positive economic growth, a lower unemployment rate, and rising consumer spending. However one has to remain cautious. The retail market is changing and consumers spend their money differently than before. Retailers must continue to innovate in order to attract consumers. Those who do so, will win the battle; these are the retailers to whom Vastned prefers to let its core city assets to. Especially retailers with shops in well-known and upcoming high streets of big historic European cities are benefiting from increased consumer spending, because these are the locations where consumers like to spend their time and money. These are also the cities where tourists like to go for a weekend break, and where they can combine shopping, with a lunch or dinner, and a visit to a museum or see a play. Thus the supply of cafés and restaurants is a key factor in the attractiveness of a city. For this reason Vastned will further expand food & beverage in its portfolio that are located near the well-known high streets. At year-end 2017, 4% of Vastned's portfolio comprised of food & beverage properties.

As a result of the divestments of approximately € 123 million compared with the acquisitions of approximately € 38 million in 2017, the portfolio shrank in 2018 compared to 2017. This will have a negative effect on the gross rental income in 2018.

The termination fee payable by Forever 21 after leaving the premises prematurely, together with the active management and the optimisation of the current portfolio convinces Vastned nevertheless to issue the same expectation for the 2018 direct result as for 2017: between € 2.10 and € 2.20 per share.

The intention to acquire the shares held by third parties in Vastned Retail Belgium NV is not included in this forecast.

Sustainability

Introduction

Vastned considers sustainability in the broadest sense as an integral part of its mission, strategy and organisation. Vastned has set itself the objective of adding value in the long term, of limiting its carbon dioxide footprint as much as possible and to act and report as transparently as possible at all times. This goes hand in hand with Vastned's mission to generate stable and predictable long-term results and raise the quality of the portfolio, also in the area of sustainability and energy performance.

Contributing to the liveability of historical inner cities is the key to Vastned's sustainability mission, and coincides with raising the quality of the portfolio. Vastned puts this into practice by investing in cultural heritage, so that the functional lifespan of the property in historical inner cities is extended and the attractiveness of these cities is raised. Expanding the supply of residential space in historical inner cities is of great social importance and adds value to both the portfolio and to society.

Vastned's strategy is founded on an efficient and effective organisation. Vastned attaches great importance to the wellbeing of its employees, which is why healthy food and exercise are actively encouraged. This, combined with a healthy working environment, benefits the company and raises the efficiency and effectiveness of the organisation.

In 2017, Vastned set up a sustainability framework in collaboration with Sustainalize that links Vastned's financial and non-financial information. The framework clearly explains how Vastned's mission and values jointly contribute to the realisation of both financial and non-financial goals. Vastned's mission and sustainability mission complement each other and lead to stable and predictable long-term results, as the functional lifespan of the property in historical inner cities is extended. In short, Vastned's values reflect its working methods.

PRINCIPLES

- Vastned and its employees will comply with applicable laws and regulations at all times
- Vastned endorses the OECD guidelines for corporate social responsibility
- Vastned endorses the ten principles of the United Nations Global Compact for human rights, working standards, the environment and the fight against corruption
- Vastned aims where possible to make positive contributions to the environment
- Vastned will strive to extend the (economic) life of its core city assets and improve their energy efficiency;
- Vastned is dedicated to preserving monuments and cultural heritage
- As a professional organisation Vastned continually invests in its staff, focusing on the wellbeing of its employees
- Vastned and its employees will act honestly and ethically at all times
- Vastned aims to continually contribute positively to society

Through the materiality matrix referred to earlier, Vastned has formulated 'material topics' that are of great importance to Vastned and its stakeholders. The material topics are divided into three pillars: the liveability of inner cities, minimising the footprint of its property and improving the satisfaction of investors and tenants. In this way, Vastned is building up a high-quality portfolio in a sustainable way.

Sustainability framework

Our mission	Generating long term stable and predictable results				
Our sustainability mission	Investing in historical cities to extend the functional lifespan of properties and to contribute to the attractiveness and livability of city centres				
Our values	Proactiveness	Sustainability	Quality	Entrepreneur-ship	Team spirit
Sustainability pillars	Enhance the livability of cities	Minimise impact of buildings	Improve investor & tenant satisfaction		
Operationalisation	Expanding clusters of core city assets	Properties with an EPC	Tenant health & safety		
	Creating & renovating resi-dential space above shops	Green clause for core city assets	Ensuring long-term economic performance		
	Maintaining monuments & cultural heritage	Energy saving programme	Transparency & communication		
Foundation	Ethics, Integrity & anti corruption	Environmental impact reduction	Promoting health & wellbeing of employees	Contributing to society	

Developments in 2017

All the objectives formulated in the table below were realised in 2017. The share of properties with an EPC (Energy Performance Certificate) rose from 67% to 71%. In the Netherlands, France and Spain the ratio of properties with an EPC is 97%, 92% and 100% respectively. In Belgium it is not yet possible to get EPCs for commercial property. Furthermore, 82% of all newly concluded leases in 2017 for core city assets contains a green clause as introduced in 2016.

By including an extensive green and ethical clause in all standard leases, Vastned strives to create awareness among its tenants. This green and ethical clause, which was updated in 2016, is part of the standard lease contract in all countries. The clause addresses topics such as limiting the use of natural resources, circular economy, ILO, international rules and codes of conduct, human rights, child labour and animal welfare.

	Developments in 2017	Note
Environmental impact reduction	Number of properties holding an EPC to rise to 70% at year-end 2017	The number of properties with an EPC increased to 71% in 2017.
	Raising the number of leases for core city assets with a green clause	82% of the leases concluded in 2017 for core city assets contained a green clause.
	Energy saving programme in collaboration with Climate Neutral Group	Initiated by Vastned, twenty retailers joined the 'Energy Saving Programme'. The process started with an energy scan. If the retailer decides to implement energy saving measures, he receives advice on the implementation for one year at Vastned's expense.
	Installing 'smart meters'	The process of installing smart meters in the common areas for which Vastned itself normally concludes an energy contract, was completed in 2017.
Contributing to society	Residential space above shops	In 2017 ten apartments were created by converting space and four apartments were renovated.
	Vastned as a learning environment	Two students had an educational internship in 2017.

Objectives for 2018[1)]

For 2018, Vastned has formulated a number of additional objectives that aim to reduce Vastned's carbon footprint in support of Vastned's principles and strategy. Next to the objectives in the table below, Vastned will continue policies that it committed itself to in the past, such as using sustainable and recycled materials in renovations and refurbishments where possible. Thus, Vastned contributes in a sustainable way to the preservation of the historical value of cultural heritage.

2018 OBJECTIVES

- **Ensure that the 2018 annual report is a fully Integrated Report**
- **Create or renovate more residential spaces above shops**
- **Further increase the number of leases for core city assets with a green clause**
- **Continue to offer a learning environment to students**
- **Increase the number of properties with an EPC to 75%**

1) Definitions in the area of sustainability can be found on page 260.

Environmental impact

Each year Vastned clarifies its objectives to limit its environmental impact where possible. In the part of its portfolio in which it is responsible for energy use, since 2015 Vastned has provided all common areas with electricity generated by Dutch wind turbines and green gas. In addition, the carbon emissions from the Dutch office are being offset in collaboration with the Climate Neutral Group since 2010. As of 2016, carbon emissions from all Vastned's offices abroad are also offset.[1)] This is done by buying carbon credits based on the Gold Standard, which aims to support projects that reduce carbon emissions, and that also benefit the local population. In 2016 and 2017 Vastned offset the carbon emissions of all Vastned offices, which were 282 CO_2e tons and 253 CO_2e tons (scope 1, 2 and 3) respectively.

Vastned normally leases its properties on a shell and core basis[2)], so that Vastned has only very limited control of energy use. In order to promote awareness among its tenants, Vastned in 2017 embarked on a pilot 'Energy Saving Programme' in collaboration with the Climate Neutral Group. The pilot involved doing an energy scan that aimed to reveal possible measures to reduce the energy consumption of the retail unit. The pilot was successful: twenty retailers, among which Clarks, Sissy Boy, Denham, Zadig & Voltaire, Burberry, Mulberry, Bagels & Beans and Pull & Bear, had an energy scan done in one of their shops. Based on this scan they can decide to implement energy saving measures. If they decide to do so, they will receive tailored advice for a period of one year paid by Vastned.

1) These are carbon emissions from heating, electricity, water and paper usage by the various Vastned offices as well as all air travel and train and car journeys (including commuting) of its employees.

2) This means that the tenant is responsible for the energy connection and consumption.

Contributing to society

VOLUNTEER DAY

Vastned will give every employee one extra day off to do volunteer work. As a further stimulus Vastned itself also organises a volunteer day. On 6 and 14 December 2017 team Belgium and team The Netherlands did so.

6 December 'Working together, thinking together, meeting and eating together'. In Antwerp, the Belgian team spent the day helping out at 'Betonne Jeugd vzw', an association that helps young people who live in poverty. The team held open discussions with coaches and youngsters, and assisted with daily activities.

14 December In Amsterdam, the local team organised a day for and with elderly people. In collaboration with Present Amsterdam, the Dutch team entertained the residents of care centre De Riekerhof in West Amsterdam with a high tea and bingo.

LIVEABILITY OF HISTORICAL INNER CITIES

By creating homes above shops Vastned contributes to the liveability of historical inner cities. Homes above shops ensure activity in the high streets after closing time and the investments and/or renovations contribute to the preservation of cultural heritage. At the same time, the company meets the rising demand for residential space in historical inner cities of major European cities. This enhances the quality of the portfolio and extends the functional life of properties.

2017

At the end of 2016, one renovation and two conversion projects were scheduled to be carried out in 2017 with the aim of creating thirteen apartments. In the course of 2017 ten apartments were created by converting space and four apartments were renovated.

Utrecht, Oudegracht 161 / Hekelsteeg 6

The former office space on the second, third and fourth floors above the shop leased to Pull & Bear was highly suitable for creating apartments in view of their location and layout. For this reason, a conversion was started in 2017 and in January 2018 ten apartments were completed ranging in size from 50 sqm to 148 sqm.

This former fashion warehouse 'Gerzon' was built between 1914 and 1918 to a design by architect J. van der Lip in a style that was closely related to Viennese (Sezession) Expressionism.

For energy efficiency, secondary glazing was installed on the inside of the windows. This provides better insulation than single glazing in the monumental window frames. Non-monumental window frames were fitted with double glazing (HR++). Furthermore, energy efficient systems were installed such as electric heat pumps, instead of district heating or gas-fuelled central heating boilers, in conjunction with heat recovering mechanical ventilation. The focus of national monuments is in particular to restore and preserve the authentic style of the property, thereby contributing to it preservation of cultural heritage. Therefore the natural stone slates roofing was replaced with authentic materials.

Utrecht, Vinkenburgstraat 2a

For operational reasons the conversion from two office floors to three apartments was postponed to 2020.

Amsterdam, P.C. Hooftstraat 51 III

During the renovation, the ceilings and floors were insulated, single glazing was replaced by HR++ glazing and a HR heating boiler was installed. The energy index is not yet known. The apartment was relet as of August 2017.

Amsterdam, 1e J. v.d. Heydenstraat 90 II

As a result of the renovation the energy index decreased from 2.76 to 1.55, which is equivalent to an improvement from energy label (EPC) G to C. To achieve this, the ceilings and floors were insulated, single glazing was replaced by HR++ glazing and a HR heating boiler was installed. The apartment was relet as of November 2017.

Amsterdam, Ferdinand Bolstraat 92 I

This apartment underwent a limited renovation by replacing single glazing by HR++ glazing. As a result the energy index decreased from 2.23 to 1.96, which is equivalent to an improvement from energy label (EPC) E to D. The apartment was relet as of October 2017.

Amsterdam, Ferdinand Bolstraat 109 III

This apartment also underwent a limited renovation. The energy index remained unchanged at 1.48, which is equivalent to energy label (EPC) C. The apartment is relet as of March 2018.

2018

The following projects are scheduled for 2018:

Amsterdam, Ferdinand Bolstraat 120 II

This apartment will be renovated in a sustainable way.

Amsterdam, Bakkerstraat 16 bis 1e en 3e verdieping

Here, one apartment will be divided into two smaller apartments and renovated in a sustainable way.

Amsterdam, Herengracht 424 IV

One apartment will be created by converting office space into residential space.

When a tenant gives notice, the apartment will generally be renovated sustainably, which will result in higher energy efficiency.

Employees

Vastned promotes a healthy working environment (and thus the efficiency and effectiveness of the organisation). Employees play a vital role in the effective execution of the strategy, which is one of the reasons why Vastned focuses so strongly on their wellbeing. Vastned encourages healthy food by providing a lunch of organic products. And it pays 50% of gym memberships for employees in order to encourage them to exercise. 39% of the employees is currently making use of this discount. Employees are also encouraged to regularly freshen up their knowledge and take relevant training. Furthermore, Vastned offers its employees the opportunity to contribute to society by allowing them to spend one day a year doing volunteer work.

Reporting

Vastned believes that reporting must take place consistently, frequently and transparently, and feels this is one of the most important responsibilities of a listed company.

INTERNAL

In the biweekly Management team meeting developments in the area of sustainability are discussed as necessary, but at least every quarter. Chaired by the CEO, various topics are dealt with, including:

- progress on the realisation of the current objectives;
- potential objectives;
- topical sustainability issues in the broadest sense;
- developments in the area of reporting and communication; and
- evaluation of the results.

As chairman, the CEO has the final say on any action to be taken. The sustainability task force consists of the CEO and two members of the Management team.

EXTERNAL

Progress on the realisation of sustainability objectives is explained in the annual report every year.

Transparency Benchmark

The Transparency Benchmark is an annual survey performed by the Ministry of Economic Affairs into the contents and quality of social reporting by larger Dutch companies. Vastned has committed itself to reporting in accordance with the Transparency Benchmark every year. In 2017, Vastned made strong progress and increased its score from 85 in 2016 to 133 in 2017, making it the top real estate company in the rankings.

Tax Transparency Benchmark
In late 2017, the Association of Investors for Sustainable Development (VBDO) presented the 'Tax Transparency Benchmark 2017', a report in which 76 Dutch listed companies are compared in the area of tax transparency. Here, too, Vastned came out on top in its sector. With a score of 21 points, Vastned came sixth among the 76 participating companies. Vastned excelled in the area of respecting the spirit of the law and managing tax-related risks.

EPRA Sustainability Best Practice Indicators
For over ten years, Vastned has reported in accordance with EPRA's Best Practice Recommendations (BPR); the last seven years its reports won EPRA's BPR Gold Award.

As was announced last year, in its 2016 annual report Vastned first reported in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR) for social reporting. In 2017, Vastned first won EPRA's BPR Gold Award. Vastned also won the 'EPRA sBPR Most Improved Company' award. Vastned has committed itself to reporting in accordance with EPRA's financial (page 152) ans sustainability guidelines. The EPRA sBPR can be found on the company's website.

▶ www.vastned.com/en/about-us/mvo

Integrated Reporting and Global Reporting Initiative
2017 was a transitional year in the area of Integrated Reporting. In this annual report Vastned has made further progress towards integrated reporting: for example, it contains a materiality matrix that charts the interests of our main stakeholders and a sustainability framework that links Vastned's financial and non-financial information.

Over the year, Vastned has made a good deal of progress towards being able to report in accordance with the GRI guidelines. This 2017 annual report complies with virtually all GRI requirements. Vastned has the intention of bringing the 2018 annual report into full compliance with the Integrated Reporting standards and the GRI guidelines.

Carbon offset
Vastned offsets the carbon dioxide emissions from heating, electricity, water and paper usage of all its offices. In addition, all air and train travel and car use (including commutes) by all its staff are offset.

In the years 2018-2020 the company will, through investments of the Climate Neutral Group, invest in a project that aims to reduce carbon emissions in Uganda by manufacturing, distributing and selling efficient cooking stoves. The project will ensure that the poorest portion of the Ugandan population have access to these efficient cooking stoves.

Personnel and organisation

PERSONNEL AND ORGANISATION: A CRUCIAL PILLAR OF THE STRATEGY

Vastned's strategy is based on three pillars: portfolio, organisation and financing.

Increasing and actively managing the core city assets portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable. That is why employees play such a vital role for Vastned and contribute to long-term value creation.

Direct contacts and a horizontal organisation provide the right dynamic. For its tenants, Vastned wants to be a small, but ambitions organisation in which employees work together to expand the high-quality and sustainable portfolio with leased to leading retailers.

CORE VALUES

- PROACTIVENESS AND OPERATING SUSTAINABLY
- QUALITY
- ENTREPRENEURSHIP
- RESULT ORIENTATION
- TEAM SPIRIT

ONE ORGANISATION WITH LOCAL KNOWLEDGE AND EXPERIENCE

Vastned works with local teams and has offices in Amsterdam, Antwerp, Paris and Madrid. The central management team is located at the Amsterdam head office. Depending on their size, the teams perform the following functions: general management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff positions in finance & control, IT and in secretarial, tax and legal affairs. Most of these staff positions are centralised at the Amsterdam head office.

The teams have a high level of independent responsibility, but they do adhere to a clear 'Vastned vision' and are supported intensively from head office.

SHARING KNOWLEDGE AND EXPERIENCE STRENGTHENS THE ORGANISATION

The various teams are in close contact and continuously share their knowledge and experience. This occurs partly informally, but also in formal meetings, which take place twice a year. In addition to the members of the Management team, various functions of the local teams are represented.

During these meetings experiences and contacts are shared in order to support one another in lettings, but also in acquisitions and divestments. This enables Vastned to better service retailers in their expansion plans. Vastned also invites external speakers to these meetings to give their expert opinions on particular subjects, for example developments in the retail market, expansion plans of retailers and developments in the area of sustainability.

EMPLOYEES

At year-end 2017 42 FTEs were employed by Vastned. Vastned attaches great importance to diversity within the teams. Diversity ensures dynamism, different views and balance within teams, which is vital to achieving the best results. Diversity for Vastned means more than the just gender ratio. Different backgrounds in terms of education, age and culture also play a key role.

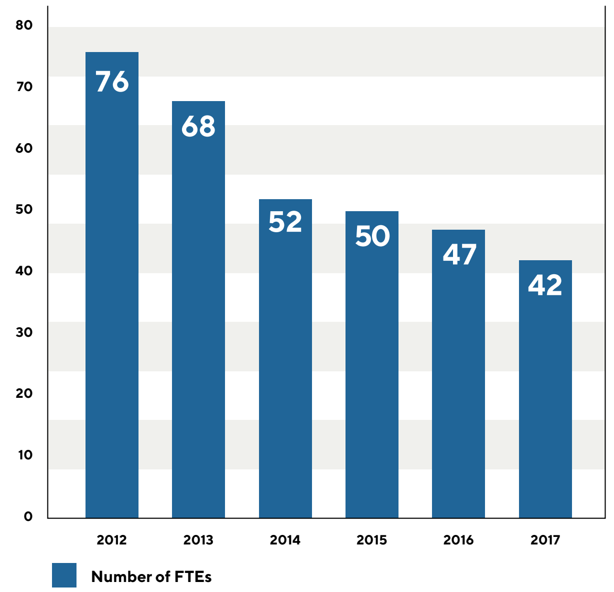
Over the past few years Vastned has not only made big changes to the portfolio, but also to its staff. The number of FTEs has decreased in line with the smaller and more focused portfolio, from 105 at year-end 2011 to 42 at year-end 2017. This fall was mainly to do with the divestment of shopping centres, whereby employees often transferred to the buyer, as for example with the divestment of the portfolio in Spain and the divestment of a large number of smaller properties and shopping centres mainly in the Netherlands and France.

Furthermore, a decision was made in 2017 that a separate management layer between the Dutch portfolio managers and the CEO, and the country managers and the CEO was no longer necessary. The functions Country Manager Netherlands and Managing Director Investments & Operations are no longer filled in after the departure of these persons.

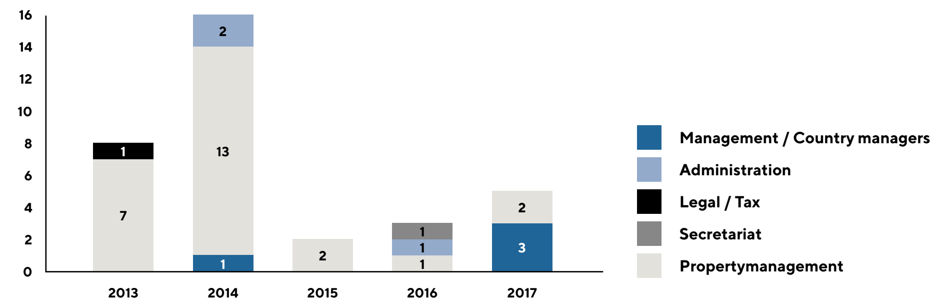
TOTAL NUMBER OF EMPLOYEES (FTES)

	2017	2016
Amsterdam, Netherlands		
• Board / staff functions	14	13
• Country team	12	14
Paris, France	11	11
Antwerp, Belgium	7	8
Madrid, Spain	1	1
Istanbul, Turkey	0	2
Average number of FTEs	45	49
Number of staff hired	6	10
Number of staff left	11	15
M/F at year-end	17 / 25	24 / 23
Total	42	47

DEVELOPMENT OF FTES



FTE DEVELOPMENT



Vastned feels it is important to stimulate and engage its employees in order to realise the company's ambitions together. Vastned considers promoting the health and well-being of its employees as a fundamental part of a well-functioning organisation, as set out in the foundations of the sustainability framework. That is why Vastned is investing in training, health and social engagement of its employees. 26 employees took courses in 2017. In addition, Vastned offers the employees at its Dutch office a (free) healthy lunch consisting of organic products. Vastned also pays half of employees' gym memberships. 39% of the employees are currently making use of this.

In order to emphasise its social engagement, Vastned allows its employees to take one day off per year to do volunteer work. In order to encourage employees to actually do so, Vastned organises a volunteer day in collaboration with a local NGO. More information on this can be found in the chapter 'Sustainability' on page 92.

Every year, a performance review and an assessment interview are held with every employee. During these meetings challenging targets are set in consultation that are geared both to Vastned's objectives and to the employee's competences. This aligns the employees' personal development with Vastned's interests. As an additional incentive Vastned grants variable bonuses to its staff, which are determined based on the degree to which targets are achieved. All employees are encouraged to buy Vastned shares by giving a 10% discount on the share price on the date the shares were bought. In this way, Vastned tries to further align the interests of the employees and the shareholders.

Corporate governance

It is Vastned's ambition to match European 'best in class' companies in the area of corporate governance. In this context Vastned has committed itself to striving for the highest standards on compliance with the provisions in the Dutch Corporate Governance Code (the 'Code'), reviewed in 2016, and the principles and best-practice provisions contained in it. The full text of the Code can be inspected on:

▶ www.vastned.com/en/corporate-governance/regulations_codes

Compliance with the Code

Compliance with the Code and any changes to the governance structure will be put on the agenda as separate items and explained during the Annual General Meeting of shareholders.

Vastned affirms that it complied with all principles and best-practice provisions of the Code throughout 2017.

Governance (structure)

The main features of Vastned's Corporate Governance can be found on the Company's website.

▶ www.vastned.com/corporate-governance

Due to her size Vastned is not a 'structuurvennootschap'.

A list of daughter companies, joint ventures etc. can be found in the financial statements on page 219.

Composition and duties of the Executive Board and the Supervisory Board

For an extensive description of the composition and duties of the Executive Board and the Supervisory Board of the Company, the way appointments, suspensions and dismissals are effected, as well as the Articles of Association, the Executive Board Regulations and the Regulations of the Supervisory Board, please refer to:

▶ www.vastned.com/en/corporate-governance/corporate_governance
▶ www.vastned.com/en/corporate-governance/committees
▶ www.vastned.com/en/corporate-governance/articles_of_association_

The curricula vitae of the members of the Executive Board and the Supervisory Board are included in this annual report on page 24 and following.

Remuneration of the Executive Board and the Supervisory Board

The 2017 remuneration report for the Executive Board and the Supervisory Board can be inspected on the Company's website.

▶ www.vastned.com/en/investor-relations/agm

Shareholding of the Executive Board and the Supervisory Board

For an overview of the shareholdings of the Executive Board and the Supervisory Board, please see page 50 of the annual report.

Members of the Supervisory Board will only hold shares in Vastned as a long-term investment and must purchase these shares at their own cost. When purchasing and selling shares, they will act in compliance with the Regulation Private Investment Transactions adopted by the Company.

The full text of the Regulation Private Investment Transactions is available on Vastned's website.

▶ www.vastned.com/en/corporate-governance/regulations_codes

As appropriate, transactions will also be reported to the Netherlands Authority for the Financial Markets (AFM).

Executive Board retirement roster

The retirement schedule of the members of the Executive Board may be inspected on the website:

▶ www.vastned.com/en/corporate-governance/corporate_governance

Rooster van aftreden Raad van Commissarissen

The retirement schedule of the members of the Supervisory Board may be inspected on the website:

▶ www.vastned.com/en/corporate-governance/committees

In 2015, Jeroen Hunfeld was reappointed to the Supervisory Board for the second time for a four-year term. This is a deviation from Vastned's Regulations of the Supervisory Board, which were adopted afterwards (1 December 2017), and which state that a supervisory board member can be reappointed once for a four-year term and twice for a two-year term. Since the appointment took place before the new Code took effect and the total term of office of Mr Hunfeld will not exceed the maximum term stated in the Code, this reappointment did not deviate from the new Code.

Independence and conflicting interests

During the 2017 reporting year the members of the Executive Board and the Supervisory Board were independent and there were no conflicts of interest within the meaning of the Code or applicable laws and regulations.

Code of Conduct, Regulation on Incidents and Whistleblower's Code

Partly in view of the new Code, in 2017 the existing Code of Conduct, the Regulation on Incidents, the Whistleblower's Code, the Regulation Private Investment Transactions, the Regulations of the Executive Board and the Regulations of the Supervisory Board were adopted or updated. These regulations and codes took effect for the Company as of 1 December 2017; to the extent relevant, extensive attention was given to a personal and practical introduction within the Vastned organisation. The texts of these regulations have been published and may be inspected on Vastned's website.

▶ www.vastned.com/en/corporate-governance/regulations_codes

Diversity policy and objectives

Vastned has put in place a policy on diversity which can be inspected on the Company's website.

▶ www.vastned.com/en/corporate-governance/regulations_codes

At year-end 2017, the Supervisory Board consisted for 50% of women, which is in accordance with the objectives in the area of gender diversity. The Executive Board, comprising two persons, was all male at year-end 2017, so does not have the appropriate balanced composition on this point. Due to the size of the company the Executive Board consists of two members. No reappointments are expected in the Executive Board in the coming year. As a result, no term can be given to the timing of this fulfilment. For new appointments, gender diversity will be included, whereby selection of the most suitable candidate based on all selection criteria will be paramount at all times.

In addition, the profile of the Supervisory Board states that knowledge of the property sector is indispensable for a balanced composition of the Supervisory Board. This aspect will explicitly be weighed in the selection and appointment of new members of the Supervisory Board. It was also added that experience with sustainability and corporate social responsibility is desirable for a balanced composition of the Supervisory Board.

Indemnity

The conditions attaching to the indemnity of the members of the Executive Board and the Supervisory Board from liability claims from third parties are laid down in the Articles of Association of the Company. The Company has extended this indemnity to all members. In 2017, the members of the Executive Board and the Supervisory Board were adequately insured for directors' liability and external liability.

Annual General Meeting and voting rights

Vastned holds an Annual General Meeting of shareholders at least once a year. In these meetings, the following issues are normally discussed:

- a detailed report of the Executive Board on the financial year with an explanation of the long-term strategy, its vision on long-term value creation and the strategy to realise this, as well as the state of affairs;
- the dividend and reservation policy;
- corporate governance developments within Vastned and compliance with the Code; and
- the remuneration report for the past financial year.

Important matters that require the approval of the Annual General Meeting include:

- substantial amendments to the Articles of Association;
- proposals for the appointment of Executive Board and Supervisory Board members;
- the Company's reservation and dividend policy (the level and designation of reservations, the level and form of the dividend);
- the dividend payment proposal;
- the adoption of the remuneration policy;
- the issue or buy-back of Vastned shares;
- approval of the policy conducted by the Executive Board (discharge from liability of the members of the Executive Board);
- approval of the policy conducted by the Supervisory Board (discharge from liability of the members of the Supervisory Board);
- any substantial change to the corporate governance structure of the Company and to its compliance with the Code; and
- the engagement of the external auditor.

In this context the Annual General Meeting of shareholders on 20 April 2017 conditionally authorised the Executive Board until 20 October 2018 to:

1. issue shares or grant rights to acquire shares up to a maximum of 10%, and in the event of mergers and takeovers an additional maximum of 10%, of the issued share capital on 20 April 2017;
2. limit or exclude pre-emptive rights when issuing shares or granting rights to acquire shares; and
3. acquiring shares in the capital of the Company, subject to approval from the Supervisory Board. The purpose of this authority is to give the Executive Board the power to buy-back the Company's own shares in order to reduce the capital and/or perform obligations arising from share schemes or for other purposes that are in the interests of the Company. Shares may be acquired on the stock exchange or otherwise, for a price between nominal value and 110% of the average closing price of the shares listed on the Euronext Amsterdam N.V. Stock Exchange, calculated over five trading days preceding the day of purchase.

In accordance with this authorisation, the Company bought back 849,846 shares in the second quarter of 2017. More information on this subject can be found on page 50 of this annual report.

Financial reports are drawn up in accordance with internal procedures. The Executive Board and the Supervisory Board are jointly responsible for ensuring that the financial reports are accurate, complete and are published on time. The external auditor is also involved in the contents and publication of the half-year results, the financial statements and the associated press releases. The external auditor will attend the Annual General Meeting and may be asked to comment on his audit opinion concerning the fairness of the financial statements. The external auditor in all cases attends the meetings of the Supervisory Board and/or the audit and compliance committee in which the financial statements are discussed.

For further details concerning the proposals that the Executive Board or the Supervisory Board may submit to the Annual General Meeting and the relevant procedure, reference is made to the Company's Articles of Association.

▶ www.vastned.com/en/corporate-governance/articles_of_association_

Participation and votes

A high degree of shareholder participation in the Annual General Meetings is considered to be of the greatest importance. Vastned encourages shareholders to take part in the meetings and to use the opportunity to pose questions (in advance).

Shareholders may vote in person or, if they cannot personally attend the meeting, (digitally) grant a voting proxy to an independent party. The meeting documents, minutes and presentations are placed on the website.

Vastned has no shares with special controlling rights. Every share entitles the holder to one vote in the Annual General Meeting of shareholders.

More information about exercising voting rights may be found in the Articles of Association of the Company and in the convening notices for meetings which have been published on our website.

▶ www.vastned.com/en/corporate-governance/articles_of_association_
▶ www.vastned.com/en/investor-relations/agm

Overview of protection measures

Vastned has no outstanding or potentially applicable protection measures against a takeover of control of the company.

Article 10, EU Takeover Directive

Pursuant to Article 10 of the EU Takeover Directive, companies whose securities are admitted to trading on a regulated market must include information in their annual report concerning, amongst other things, the capital structure of the company and the existence of any shareholders with special rights. In this context, Vastned discloses the following information:

a) The Company's capital structure, the composition of the issued capital and the dividend policy are set out in the chapter 'Shareholder Information' on page 46 of this annual report. The rights vested in these shares are laid down in the Company's Articles of Association, which may be inspected on Vastned's website. In summary, the rights vested in ordinary shares consist of the right to attend the Annual General Meeting, to address the meeting and exercise the voting rights, and the rights to receive distributions from the Company's profits after reservations. As at year-end 2017, the issued capital consisted entirely of ordinary (bearer) shares.

b) The Company has not placed any restrictions on the transfer of ordinary shares.

c) For participations in the Company subject to a disclosure obligation under Articles 5:34, 5:35 and 5:43 of the Financial Supervision Act, reference is made to page 46 in the chapter 'Shareholder Information' in this annual report. The section 'Share Ownership' lists shareholders holding an interest of 3% or more that were known to the Company at year-end 2017.

d) There are no shares in the Company that bear special controlling rights.

e) The Company does not have any arrangements in place granting employees the right to subscribe for or acquire new shares in the capital of the Company or any of its subsidiaries.

f) The voting rights vested in the shares in the Company nor the periods for exercising the voting rights are in any way restricted.

g) To the extent the Company is aware, there are no agreements with shareholders that could result in restrictions on the transfer of shares or on the voting rights.

h) The provisions for appointing and dismissing members of the Executive Board and members of the Supervisory Board and for amending the Articles of Association are laid down in the Company's Articles of Association and the Executive Board Regulations and the Regulations of the Supervisory Board.

i) The general powers of the Executive Board are laid down in the Articles of Association. On page 101 of this chapter the powers granted by the Annual General Meeting to the Executive Board to issue or buy-back shares are set out.

j) Various loan agreements between the Company and external financiers contain change of control clauses.

k) The Company has made no agreements with members of the Executive Board or employees that provide for remuneration upon termination of employment resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

Corporate governance statement

This is a statement pursuant to Article 2a of the Decree on additional requirements for annual reports ('Vaststellingsbesluit nadere voorschriften inhoud jaarverslag') dated 10 December 2009 (hereinafter the 'Decree'). For the disclosures in this statement as defined in Articles 3, 3a and 3b of the Decree, Vastned refers to the relevant sections of the 2017 annual report. The following announcements should be considered as having been included and repeated here:

- the disclosure concerning compliance with the principles and best practices of the Code, including the motivated statement of deviations from compliance with the Code, as included in the section 'Corporate Governance' on page 98 of the annual report;
- the disclosure concerning the main features of the risk management and control system relating to the financial reporting process of the Company and the Group, as described in the section 'Risk Management' on page 104 of the annual report;
- the disclosure regarding the functioning of the Annual General Meeting of shareholders and its main powers, and the rights of the shareholders and how they may be exercised, as included in the section 'Corporate Governance' on page 100 of the annual report;
- the disclosure regarding the composition and functioning of the Executive Board, as included in the chapter 'Report of the Executive Board' on page 98 of the annual report and in the section 'Composition of the Management team on page 24 of the annual report;
- the disclosure regarding the composition and the functioning of the Supervisory Board and its committees, as contained in the chapter 'Report of the Supervisory Board' and the section 'Composition of the Supervisory Board' on page 126 and page 26 respectively of the annual report;
- the disclosure on the (objectives of) the diversity policy and the way in which this policy was conducted, as included in the section 'Corporate Governance' on page 100 of the annual report;
- the disclosure pursuant to Article 10 of the EU Takeover Directive, as included in the section 'Corporate Governance' on page 102 of the annual report.

Risk management

This chapter provides an overview of Vastned's risk management and control measures. The risk management and control measures form an integral part of the business operations and the reporting and aim to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified adequately and controlled within the context of a conservative risk profile.

RISK MANAGEMENT WITHIN VASTNED

Strategy and risk appetite

Vastned's goal is to invest in retail property in the most popular high streets of big European cities with historical inner cities in order to realise predictable and stable results in the long term, and to contribute to the liveability and safety of these historical inner cities whilst contributing to the preservation of cultural heritage.

In pursuit of the realisation of these objectives, Vastned's strategy is based on three pillars: (i) a portfolio that will consist of at least 80% core city assets, (ii) a hands-on, proactive and pragmatic organisation and (iii) a conservative financing strategy. This strategy was set in 2011 and sharpened in 2014, and again in early 2017 (see page 16).

The execution of this strategy inevitably involves risks. However, the risk appetite within the strategy is conservative, as the fact that Vastned focuses entirely on the best retail property in selected core cities testifies. The focus is on long-term return, not on growth of the property portfolio. Operational risks should be minimised and Vastned's operational processes are based on best practices.

Vastned's financial policy is best characterised as conservative as the financing strategy in chapter 'Strategy' shows. The risk appetite on compliance is nil: all laws and regulations must be strictly adhered to. Vastned has formulated clear guidelines for this and laid them down in various codes and regulations, which have been brought in line with the renewed Code.

In conclusion, Vastned's risk appetite is conservative, which is fully in line with its objective of generating stable and predictable long-term results.

'Tone at the top'
Vastned's Executive Board and Management team consider good risk management as a critical factor in the company's success, and this importance is emphasised internally.

Policy and procedures

Vastned has translated the main risk areas and processes into policy and procedures to serve as a framework for acting in accordance with internal and external requirements.

Corporate Governance
Corporate governance is the system based on which an organisation is managed and controlled. For Vastned proper corporate governance is one of the leading factors for successful execution of the strategy. As a listed company, the requirements of corporate governance rules and standards have been translated within Vastned. For a detailed description of corporate governance at Vastned, reference is made to the chapter Corporate Governance and to the website.

General Code of Conduct and associated regulations
The code of conduct ('Code of Conduct') is a fundamental document for Vastned. It contains the principles that Vastned considers to be fundamental: for the company, for the employees, tenants, financiers, business relations, shareholders, society and the interaction between these groups. The Code of Conduct aims to make employees aware of fair, ethical and transparent conduct by laying down that is and what is not deemed to be desirable behaviour. In addition to the Code of Conduct Vastned has a Regulation on Incidents and a Whistleblowers' Code. These regulations are an extension of the Code of Conduct and assist in the reporting, anonymously or otherwise, of (alleged) incidents to the compliance officer, or the person of trust, anonymously (Whistleblowers' Code). These regulations describe the steps that are followed when (alleged) incidents are reported to the compliance officer or the person of trust. The regulations contribute to ethical awareness within Vastned's company culture.

In 2017, a reviewed incidents scheme was adopted, which took effect on 1 December 2017. The Code of Conduct, Whistleblowers' code, the Regulation on private investment transactions, the Executive Board regulations and the Supervisory Board regulations were also reviewed and took effect in the organisation as of 1 December 2017; to the extent relevant, extensive attention was given to a personal and practical introduction.

The full text of these regulations and codes may be inspected on Vastned's website.

Risk areas

Below, the main risks are described to which Vastned is exposed in the execution of its strategy. In addition to these strategic risks, the main financial, operational and compliance risks are set out. Based on the explanation below and the way in which Vastned mitigates these risks it is concluded that there are no doubts about the continuity of the company.

STRATEGIC RISKS

The strategic risks relate to the realisation of stable and predictable long-term results, timely anticipation of external factors and ensuring that the growth possibilities of the share of core city assets are not restricted.

Stable and predictable results
Goal of Vastned's sharpened strategy is to generate long-term stable and predictable results. There is a general strategic risk that the choices of investment country, investment type, relative size and time of investment do not lead to stable and predictable results.

To mitigate this risk, Vastned only invests in the best properties in the popular high streets in selected core cities. At year-end 2017, the share of core city assets was 79% of the total portfolio. Additionally, Vastned follows a highly rigorous acquisition process in which it must be clear for every property how it fits into the portfolio and how it will contribute to the long-term results. The present portfolio is under constant scrutiny and properties that no longer fit the Vastned profile will be divested.

In order to offer stable and predictable results, a conservative financing strategy has been chosen, aiming to limit debt financing to between 35% to 45% of the market value of the property portfolio, and up to one third of the loan portfolio will have a floating rate.

External factors
There is a strategic risk that Vastned is unable to adequately respond to external factors. There is an inherent risk that the choice of investment country, investment type, relative size and time of investment is impacted by changes in inflation, consumer spending, tenancy legislation and permit policies. This may influence the expected rent developments and demand for retail locations and as a result the value development of the investments. In the annual strategy sessions and through the interim monitoring of developments, the possible external changes are closely monitored and Vastned is able to respond quickly and adequately.

Growth opportunities
As a listed company, Vastned wishes to realise an attractive return for its shareholders. It is Vastned's ambition to realise further growth in the core city asset segment to at least 80% of the total portfolio. There is a risk that limited availability of suitable retail property hampers growth of the share of core city assets. This risk is an explicit topic of strategy meetings and the business plan that is drawn up by the Executive Board and approved by the Supervisory Board. Progress on the execution of the strategy and the business plan is evaluated quarterly in consultation with the Supervisory Board.

OPERATIONAL RISKS

Operational risks are risks that arise from possibly inadequate processes, people, systems and/or (external) events. The main operational risks facing Vastned are related to the quality of its staff and consultants, the execution of transactions, the quality of valuations, control of the IT environment, catastrophes and cost control.

Quality of employees and consultants
In the preparation of the strategy, having the right organisation was defined as one of the pillars. Recruiting and retaining the right employees is therefore of the greatest importance for Vastned. However, the size of the organisation, labour market scarcity, scarcity of qualified employees and geographical location may impede recruitment of the right employees. Working with inadequately qualified employees may impede realising strategic objectives. The same applies to selecting the right consultants.

Vastned anticipates this risk through a proactive HR policy that contains standards for the appointment, training, evaluation and remuneration of employees. The Executive Board annually evaluates the HR policy and its implementation within Vastned for suitability and attractiveness in relation to Vastned's strategy. The HR policy is part of the business plan and is discussed annually with the Supervisory Board.

Furthermore, Vastned works exclusively with internationally and nationally reputed consultants that have proven experience in the area for which they are engaged. Therefore, price is not a decisive factor for choosing one consultant over another.

Execution of transactions
The execution of transactions involves various risks, such as risks arising from transactions and (external) events, incorrectly performed divestment or investment analyses and the risk that due to its nature and location and/or tenant quality a property cannot be leased at the projected rent (resulting in vacancy) or that the rent cannot be collected.

Possible consequences of incomplete control of these risks are: incorrect assessment of the risk return profile, late investment or divestment, a negative impact on (future) net rental income, i.a. as a result of vacancy and associated net service charge expenses, and unexpected negative value movements resulting in lower (than expected) direct and indirect results.

Vastned has careful acquisition and divestment procedures to mitigate the risks listed above, which consist of:

- an extensive due diligence investigation to assess the commercial, financial, legal, construction and tax aspects using a standardised due diligence checklist;
- involvement of various disciplines in acquisitions and divestments;
- a standard format for investment and divestment proposals; and
- internal authorisation procedures for investments and divestments exceeding € 25 million and renovations exceeding € 10 million that require Supervisory Board approval.

The quality of the property valuations
There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may result in a lower indirect result, reputation damage and potential claims for making misleading statements to stakeholders. This risk is mitigated by preparing all property valuations in accordance with an internal appraisal policy and executed by internationally reputed external appraisers, who are rotated periodically (every three years). In these appraisals, the bigger properties with an expected value of at least € 2.5 million are appraised every six months by these appraisers. Smaller properties (< € 2.5 million) are appraised externally once a year, spread evenly across the half years.

Cost control
An unexpected rise of the operating expenses, general expenses or having to make unexpected additional investments can potentially lead to an incorrect assessment of the risk return profile and to a lower direct and indirect result.

For this reason Vastned has extensive procedures in place for budgeting and maintenance forecasts. In addition, there are authorisation procedures for entering into maintenance and investment obligations, and periodically reports (realisation - budget analysis) are drawn up and discussed within the management team and with the Supervisory Board.

Catastrophe risk
The catastrophe risk is the risk that a catastrophe causes extensive damage to one or more properties with the potential consequence of loss of rent, a lower direct and indirect result and/or claims and legal proceedings from tenants. Vastned is insured on conditions as customary in the industry for damage to property, liability and loss of rent during the period until the property is rebuilt and relet.

Control of the IT environment
Effective control of the risks associated with the functioning and security of the internal IT infrastructure is of vital importance for Vastned. The impact of insufficient control of IT risks may comprise not being able to report promptly or correctly internally or externally, loss of relevant information, unauthorised access to information by third parties and/or reputation damage.

This risk is mitigated by the regulations Vastned has in place that focus on access security, back-up and recovery procedures, periodic checks by external experts, digitisation of key documents and hiring of external knowledge and experience to stay up-to-date with IT developments.

FINANCIAL RISKS

The main financial risks are related to the company's liquidity, the financing market (both the (re)financing risk and the interest rate risk), debtors and financial reporting.

Liquidity risk
The liquidity risk is the risk that insufficient means are available for daily payment obligations. The potential impact is that the company suffers reputational damage or that additional financing costs arise, which may lead to a lower direct result. The treasurer monitors the cash flow policy and draws up daily cash flow projections. The principles of the cash flow policy are laid down in the treasury regulations, which are periodically reviewed by the treasurer and the Executive Board, and approved by the Supervisory Board.

Capital market risks
Capital market risks include the (re)financing risks and the interest rate risk. The (re)financing risk is the risk that insufficient equity or (long-term) debt can be raised, or only at unfavourable conditions, or that the agreed debt covenants are breached; with the consequence that there is insufficient financing room for investments, that property must be divested or that financing costs rise, which can potentially lead to a lower direct and indirect result or reputational damage.

Interest rate risks are caused by interest rate fluctuations that may result in rising financing costs, leading to a lower direct result.

In order to mitigate the above risks, Vastned has put in place the following control measures:

- limiting debt financing to 45% of the market value of the property;
- limiting the share of short-term loans to 25% of the loan portfolio;
- the company strives to spread its financing over multiple banks and other financing sources, such as private bond placements. The share of non-bank financing must be over 25%;
- no more than a third of the loan portfolio has a floating interest rate;
- internal monitoring by means of periodic internal financial reports, which include sensitivity analyses, financing ratios, development of loan covenants and financing room and internal procedures such as those laid down in the treasury regulations; and
- periodic board consultations on this matter and discussion of these reports with the audit and compliance committee and the Supervisory Board.

Debtor risk
The debtor risks relates to loss of rental income due to payment defaults and bankruptcies, leading to a lower than expected direct and indirect result. To mitigate the debtor risk, Vastned screens tenants before concluding leases. In addition, the financial position and payment behaviour of tenants are monitored through periodic meetings with tenants and examination of external sources. Tenants must also provide bank guarantees and/or make guarantee deposits. Vastned holds quarterly internal debtor meetings in which decisions are made on provisions for doubtful debtors. The Executive Board monitors the debtor lists monthly.

Reporting risk
The reporting risk relates to the impact of incorrect, incomplete or late provision of information for internal decision-making or that of external parties, such as shareholders, banks and regulators, which may lead to reputation damage and potential claims for making misleading statements to stakeholders.

A solid system of internal control measures and administrative organisational measures has been implemented at Vastned. These provide key checks and balances with respect to financial reports, such as:

- involvement of different disciplines in the preparation of reports and proposals for investments and divestments;
- budgeting, quarterly updated prognoses and analyses of financial results;
- appraisal procedures (independent external appraisers where are periodically rotated, internal IRR analyses and internationally accepted appraisal guidelines);
- periodic business report meetings in which the reports on the operational activities are discussed in detail with the country managers;
- group instructions on accounting principles and reporting data, as well as internal training in the area of IFRS and similar; and
- periodic board consultation and discussion of the results of the external audit with the audit and compliance committee and the Supervisory Board.

COMPLIANCE RISKS
Compliance risks are risks associated with non-compliance or inadequate compliance with (tax) laws and regulations or unethical actions, with potential consequences like reputational damage, tax claims and legal proceedings, giving rise to a lower direct result. Effective control of compliance risks is of vital importance to a listed property company such as Vastned.

Tax laws and regulations risk
Tax risks relate to failing to comply or inadequately complying with tax laws and regulations, incorrect assessment of tax exposure or unethical conduct with the potential consequences of reputation damage, tax claims and proceedings and loss of REIT tax status, leading to a lower direct and indirect result.

Vastned has an internal tax policy in which the risk appetite and the general principles on tax are laid down. Control measures and administrative organisational measures have been implemented in various areas of taxation. Internal procedures include:

- evaluation of contractual commitments by internal and, where necessary, external tax lawyers;
- providing employees with relevant technical training;
- continuous monitoring by internal and external tax experts of the conditions for the application of the tax regime (including financing ratios, mandatory dividend distributions and the composition of the shareholder base); and
- careful analysis of tax risks involved in acquisitions and divestments (including turnover tax, transfer tax, deferred tax liabilities and related issues).

Vastned's tax policy is set out on the website.

Laws and regulations / codes and regulations
As described earlier, Vastned has a Code of Conduct and related regulations in place. Deviations from the Code of Conduct and unethical behaviour may result in reputational damage, claims and legal proceedings, leading to higher costs and a lower direct result.

Vastned has implemented internal procedures and training aimed at keeping knowledge of laws and regulations up-to-date. The Code of Conduct, the Regulation on Incidents and the Whistleblowers' Code have been updated in 2017. Compliance with the Code of Conduct is discussed at least once a year with employees and they are explicitly asked to sign for compliance with the Code.

Third parties and conflicts of interest
Insufficient knowledge of tenants, sellers, buyers or parties acting on Vastned's instructions bears the risk that business is done with persons that harm Vastned's reputation. In addition, conflicts of interest of and between employees and third parties may cause reputational damage, claims and legal proceedings, leading to higher costs which may lower the direct result.

As part of the due diligence process, third parties must be screened in accordance with an internal due diligence policy. The findings are included in the due diligence report for the Executive Board uses to base its decision on. More information on this subject is set out in the Code of Conduct, which may be inspected on the Company's website.

Risk and control framework

The comprehensive risk and control framework is divided into four risk areas: strategic, operational, financial and compliance risks. The framework identifies the probability that a risk occurs and what its impact could be. Finally, an owner has been appointed for each risk that is responsible for the implementation of control measures.

The Executive Board annually performs an analysis of the potential risks attached to achieving the strategic and other objectives. This analysis is part of the annual business plan and is discussed with the Supervisory Board. Based on the outcome of the discussions with the Supervisory Board, the risk and control framework may be adjusted annually.

Based on a dashboard the Supervisory Board is updated quarterly on the progress of the control of the improvement measures.

Supplementary to the risk and control framework, fraud risk factors have also been assessed. The identified fraud risks relate to the following risk areas:

- quality of employees and consultants;
- execution of transactions;
- the quality of the property valuations;
- cost control;
- control of the IT environment;
- reporting risks; and
- third parties and conflicts of interest.

We consider the control measures, which have been taken to control the risks mentioned above as sufficient and adequate to control any possible fraud.

Monitoring and auditing monitoring

MONITORING

Based on the review of the risk management and control system, an extensive check was again carried out in 2017 of the control measures that are in place within Vastned. This review did not highlight any substantial findings. However, some adjustments were made to the control system in the context of the further streamlining of processes within Vastned.

On this basis, it is concluded that the implemented control systems by Vastned bear sufficient certainty that the financial reporting does not contains material inaccuracies.

As stated, Vastned also has procedures in place to report incidents, either anonymously or otherwise. No integrity incidents were reported in 2017.

AUDITING

Each year the audit and compliance committee discusses how the audit function within Vastned will be given shape. In 2016 it was determined that the internal audit function would be outsourced to a high-quality independent external party. In 2016, in consultation with the audit and compliance committee the Executive Board engaged BDO Advisory BV to carry out the internal audit in the years from 2016 through to 2018.

BDO Advisory BV was instructed to test the functioning of the various internal procedures in the various countries in random checks. In addition, finance and accounting specialists from head office visit every country office at least twice a year.

REPRESENTATION LETTERS

At least once a year, the country managers sign a representation letter, in which they state that to the best of their knowledge:

- they have taken all reasonable measures to ensure that both they themselves and their employees have complied with Vastned's Code of Conduct and administrative organisational procedures, and that there are no conflicts in this area;
- the system of intern controls functions adequately and effectively;
- the reporting and financial administration fully, fairly and accurately reflect the transactions and do not contain any material inaccuracies or are misleading in any other way;
- they have brought all events that may have a material impact on the financial statements to the attention of the Executive Board and that they have been included in the reports;
- all contractual obligations that may impact current and future activities have been complied with;
- that there are no unasserted claims of which their lawyer has advised them are probable of assertion and should be disclosed;
- the country organisation has not in any way provided or guaranteed loans to employees or their families; and
- there have not been any events after balance sheet date that would require adjustment to or disclosure in the financial statements.

Sensitivity analysis

The table below sets out the sensitivity of the direct result, the indirect result and the loan-to-value ratio to a number of external conditions and variables, based on the position at year-end 2017 (ceteris paribus).

MOVEMENT	EFFECT
100 basis point interest rate increase	Direct result € 0.02 negative per share
Rise of net initial yield used in appraisals of 25 basis points	Indirect result € 4.33 negative per share, loan-to-value ratio 226 basis points negative
100 basis point decrease of the occupancy rate	Direct result € 0.03 negative per share

Management statement

In respect of article 5:25c of the financial supervision act

In line with best practice provision 1.4.3 of the Dutch Corporate Governance Code and Article 5.25c of the Financial Supervision Act, the Executive Board states that to the best of its knowledge:

- the consolidated financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of Vastned and its consolidated subsidiaries; and
- the report of the Executive Board gives a true and fair view of the state of affairs on the balance sheet date and the developments during the reporting period of Vastned and its consolidated subsidiaries and that the material risks to which Vastned is exposed are described in this annual report.
- the report provides sufficient insight into shortcomings in the operation of the internal risk management and control systems (see pp. 104 to 111);
- the aforementioned systems have a reasonable degree of certainty indicating that the financial reporting does not contain material inaccuracies (see page 104 to 111);
- it is justified to the current state of affairs that the financial reporting is prepared on going concern basis; and
- the material risks and uncertainties mentioned in the report are relevant to the expectation of the continuity of the company for a period of twelve months after the publication of the report (see page 106).

Amsterdam, 14 February 2018

The Executive Board of Vastned Retail N.V.
Taco de Groot, CEO
Reinier Walta, CFO

ANTWERP

Image: Shutterstock

Big City
Small Stories

ANTWERP

38 PARKS

65
HOTELS

4668
HOTEL ROOMS

1.8 MILLION
OVERNIGHT STAYS

9
DISTRICTS

5
MONUMENTAL CHURCHES

1,003,321
NUMBER OF FOREIGN TOURISTS

NUMBER OF FLOORS IN MUSEUM AAN DE STROOM (MAS)
10

ANNUAL NUMBER OF VISITORS
650,000

8
RAILWAY STATIONS IN ANTWERP

CAPACITY ROYAL ANTWERP FC FOOTBALL GROUND
15,975

769
ANIMALS IN ANTWERP ZOO

NUMBER OF NATIONALITIES
173

±2000
BARS

MAIN SHOPPING STREET
DE MEIR

POPULATION
521,815

Tim van Geloven & Ilse Cornelissens

GRAANMARKT 13
'SMALL STORIES CAN BE VERY POWERFUL'

Personal stories are the trademark of Graanmarkt 13 in Antwerp. The company was built on the lives of founders Ilse Cornelissens and Tim van Geloven. Their shop, restaurant and apartment personify what they stand for. And the best of all is, it pays off!

On the principle 'less is more', Graanmarkt 13 some years ago slashed the number of dishes on the menu in their restaurant. Since then, frugality and simplicity dominate the menu. Last year, they did the same to their fashion shop. They decided to have no more sales. 'That was quite a statement,' Ilse Cornelissen says. 'It was tense, but it is something that we believe in. We want to make people aware of the value of products, and get them to deal with their possessions in a different way: more aware and less wastefully. We have to learn to have more respect for nature, for human beings and for goods. Telling customers the story behind products can contribute to a more sustainable lifestyle.'

Based on the same philosophy, Graanmarkt 13 recently has given its customers the opportunity to sell their old clothes in the shop, with any profits going back to the customer in the form of a credit note. With their approach the entrepreneurial couple stays close to their philosophy. And they've found that to be a strength. The decision to no longer do sales resulted in less turnover, as expected, but with a better margin. 'Although we are just two seasons in now, I am confident that the approach is profitable. I am convinced that our business is now better and healthier than before, and that we have created a new awareness among our customers.'

What applies to them, also applies to the entrepreneurs behind Graanmarkt 13's products: those stories, too, enrich the customers' lives. 'It's fun to work with brands that are still small, because the personal touch is paramount,' Ilse believes. 'The bigger a company grows, the greater the risk that it gradually loses its unicity, its identity. And that is a pity, because those small personal stories make up a company's strength. Work from the heart: in the end that is where creation begins.'

Images by Frederik Vercruysse

Tips

Restaurant	In de Zon
Cocktail bar	Cocktails At Nine
	Absinthbar
	The Dirty Rabbit
Festival	**Bollekesfeest ↑**

'ANTWERP IS **A LOVELY PLACE** WITH A GOOD RANGE OF SHOPS'

Toine and **Diana van Doorn** (both 59), son **Sigi** (30) and his girlfriend **Alin** (25)
Profession Retired (Toine and Diana), hotel and beverage industry (Sigi and Alin) / **From** Oss in the Netherlands /
Where Meir / **Antwerp** 'Fun cocktail bars'

Diana: 'We just went to the Horeca Expo (food & beverage fair) in Gent. We had some time to kill, so we decided to spend the afternoon in Antwerp. Where we live is close to Belgium, so we often go shopping here. My son and daughter-in-law come here even more frequently. Antwerp is a lovely place with a good range of shops, and everything is within walking distance. We've just come from the Stadsfeestzaal, a beautiful building with excellent shops. We always have a bit of a browse. What always strikes me about Antwerp is how nice the people are.'

Sigi: 'When Alin and I go to Antwerp I usually book a hotel. During the day we go shopping, and in the evening we check out the cocktail bars in the side streets.'

Falke colleagues **Chanile Bizimana** (20) and **Veronique De Lee** (51)
Profession Student Marketing Studies and part-time sales assistant (Chanile), branch manager (Veronique) /
From Antwerp / **Where** Schuttershofstraat / **Antwerp** 'Small-scale and multi-cultural'

USUALLY I STICK TO **WINDOW SHOPPING**

Veronique: 'Like Chanile I've only just started working in this shop, but I feel right at home here. It's a very picturesque area with a segment of more luxurious shops. The busier shopping streets, like Meir, are very close. And the Bird Market is just around the corner. Antwerp is a nice and compact city, which is always full of life at night. Restaurants stay open late, so there is always a place to eat. There are also good clubs in town, and everything is at cycling distance. I go out quite a lot. Facebook page 'WattedoeninAntwerpen' has lots of suggestions for cultural exploits and parties. When I go shopping, I usually come here to Schuttershofstraat. I like beautiful and timeless clothes.'

Chanile: 'As a student I have less money to spend, so I tend to shop at H&M or Zara. I do like the shops in Schuttershof-straat, usually I stick to window shopping. When I'm here with my girlfriends, we often have a drink in Toneelhuis, just around the corner. And occasionally we'll see a show. Of course, I also go to Groenplaats, because that is where all the students are!'

Tips

Restaurant and bar	Any on Groenplaats
Coffee	Mockamore and Exki
Club	Club Industria (older patrons)
Festival	**Tomorrowland →**

Fellow students **Aliona Coprina** (26),
Chréonie Busaro (20) and **Nathalie Cubus** (20)
Profession Students of Communication / **From** Antwerp
Where Meir / **Antwerp** 'Great student town!'

ANTWERP IS **NEVER BORING**

Chréonie: 'We are on a break, and when we are we usually take a walk along Meir and Leystraat. The campus is just behind us. The city centre is always busy and fun. I tend to go shopping on my day off, and I'll visit big chains like Zara. I'm from Rotterdam originally, but I've lived here for twelve years now. I feel Flemish. The city has a good atmosphere, and I feel safe. Antwerp is never boring. There is so much to do in terms of culture and nightlife. I recommend the Rubens House or the MAS Museum. At the MAS you go up to the roof for free and you'll have a stunning view of the city.'

Tips

Restaurant	Castellino
Café	**Any on Groenplaats ↓**
Coffee	Starbucks
Club	La Gare 27

Chris De Schutter (56) and her son **David Cleiren** (29)
Profession Owner of apartment complex (Chris), public works mobility consultant (David) / **From** Kalmthout /
Where Schuttershofstraat / **Antwerp** 'Stylish'

THIS IS A LOVELY AREA WITH OLD BUILDINGS AND BEAUTIFUL SHOPS

Chris: 'I've just bought a coat at Paul Smith's, David bought a sweater. It is a nice shop with stylish clothing and a good eye for detail. And when we are here, we always drop in at Falke. This is a lovely area with old buildings and beautiful shops. And it's easy to park your car. We visit Antwerp at least once a week when work permits. Just a few hours of leisure, and a great lunch. And a good chat!'

Tips

Restaurant With friends	Oude Bourla Graanmarkt 13 or Otomat
Lunch	**Pastry shop Roger Van Damme (Het Gebaar) ↙**
Coffee	Cuperus

Sean Vervliet (22)
Profession Studying to become a teacher / **From** Hemiksem /
Where Leystraat / **Antwerp** 'Great architecture!'

ANTWERP IS **ONE OF THE BETTER STUDENT TOWNS**

Sean: 'Antwerp is a wonderful city with a mix of modern and classical architecture. Many of the façades on Leystraat have been refurbished. They really have done a great job. I'm now studying in Mechelen to be a teacher, but before that I studied history in Antwerp for three years. I love this city, I'm always admiring the buildings. For shopping I tend to go to the sales on Meir and Leystraat. There is something at any budget. I still frequently go out in Antwerp, even though I now live in Mechelen. Antwerp is one of the better student towns. It's safe to go out at night, and the atmosphere is always good.'

Tips

Café	De Prof, De Barbier
Restaurant	Da Giovanni
With friends	Manhattn's Burgers
Coffee	The one next to the Hilton hotel on Groenplaats
Sport	↓ **10 mile run** through Antwerp city centre

Loïs Hunter (23)
Profession Diamonds purchaser / **From** Lier /
Where Leystraat / **Antwerp** 'Home'

I USUALLY BUY CLOTHING, SHOES AND BAGS ON **SCHUTTERSHOFSTRAAT**

Loïs: 'For work I often have to travel to New York and Tel Aviv, metropolises compared to Antwerp. Shopping in Antwerp feels like home. It's very cosy. The atmosphere is always good. I've bought a few presents for my mother, and some wrapping paper. It's a short trip on the train.
I usually buy clothing, shoes and bags on Schuttershofstraat. There are a few great little boutiques there. I prefer to go there, it is just that little bit different. I don't go out much anymore. I travel a lot, but I'm always glad to be back home again. In the summer I often go the left bank of the Scheldt; beach pavilion Bocadero is my favourite. Great food.'

Tips

Restaurants	Umi Sushi ↓ **Greenway**
Coffee	There are nice small bars on Keyserlei
Festival	Fiesta Europa

Report of the Supervisory Board

5

Introduction

Dear shareholders, tenants, colleagues and other relations,

Monitoring developments in the retail landscape again had the special attention of the Supervisory Board in the past year.

As a result of the important steps to execute its strategy taken in previous years, in the beginning of this year Vastned again sharpened its strategy, focusing on growth in selected cities in Europe. In addition, the divestment of the entire Turkish portfolio was completed. Part of the sales proceeds of the Turkish portfolio was used by the Company to buy-back shares.

As a result of acquisitions and divestments made in 2017 the share of core city assets rose from 75% at year-end 2016 to 79% of the total portfolio at year-end 2017, and the target of over 80% is clearly in sight. In the area of the second and third pillars of the strategy, financing and organisation, Vastned also made good progress. For example, the loan-to-value ratio of 38.8% remained within the desired range, the average interest rate fell from 2.7% to 2.5% and the duration of the loan portfolio was almost the same as at year-end 2016 (4.4 years) with 4.3 years at year-end 2017. Furthermore, the entire loan portfolio of Vastned Retail Belgium NV was refinanced, which resulted in considerably lower financing costs in Belgium, and a corresponding positive impact on the company's results.

Due to the transformation of the portfolio, the staff complement was reduced from 47 to 42 FTEs; Vastned now has a compact team of specialists with a hands-on and result-oriented mentality.

In consultation with the Supervisory Board, the Executive Board has started a 'post-acquisition review' of the total portfolio. The intention is for this review to be carried out periodically (annually). The Supervisory Board will ensure that this report will be institutionalised in the organisation this year.

Other major topics on the agenda of the Supervisory Board were the discussion on the composition of the portfolio, discussing and decision-making on the capital and financing structure, setting and detailing the strategy in consultation with the Executive Board, succession planning, and the risk and control framework.

A detailed account of the policy conducted and the objectives realised by the Company can be found in the Report of the Executive Board on page 66 and following.

An important change was made in the area of Corporate Governance. On 7 September 2017 the 2016 review of the Corporate Governance Code (the 'Code) was enacted, effective from 1 January 2018. This replaced the Code from 2008.

In light of the new Code, various regulations within Vastned were reviewed and updated. These regulations, including the amended Regulations of the Supervisory Board, took effect on 1 December 2017 and can be inspected on Vastned's website.

A key principle of the new Code is highlighting long-term value creation. Long-term value creation has been embedded in Vastned's prevailing company culture for many years: the managing directors and supervisory directors act sustainably and make conscious choices on the viability of the strategy in the long term.

Attention to long-term value creation and the weighing of the associated interests is one of the recurring spearheads in the Executive Board's policy. Monitoring compliance with this is a recurring topic on the agenda of the Supervisory Board. Next year, the Supervisory Board will continue to monitor that the existing culture of long-term value creation is maintained within the organisation and that the desired conduct and ethical actions are embedded at all times in Vastned's prevailing culture.

In this report, the Supervisory Board accounts for the way it has fulfilled its duties and responsibilities. This report on the 2017 financial year focuses on compliance with the reviewed Code.

After balance sheet date, Vastned made a voluntary public offer of € 57.50 per share for 34.51% of the shares in Vastned Retail Belgium NV (VRB). At the time when the offer was made, Vastned held 65.49% of the shares in VRB. The Supervisory Board believes that the transaction will create value for all Vastned stakeholders because it will reduce costs and simplify the organisation and its governance.

Committee members and attendance

Supervisory Board meetings 2017	Regular: 6	Ad-hoc: 3
Marc C. van Gelder c)	5/6	3/3
Charlotte M. Insinger	5/6	2/3
Marieke Bax	6/6	1/3
Jeroen B.J.M. Hunfeld	6/6	3/3

c) Chairman

Other parties attending (parts of) meetings of the Supervisory Board were the CEO, CFO, the General Counsel, Korn Ferry hay, Axeco, the external auditor EY and the internal accountant BDO.

2017 Highlights

- Divestment of the Turkish portfolio
- Good progress on objectives of 2017-2019 business plan
- Share buy-back
- Integrated Reporting
- Further implementation of sustainability policy
- Introduction of new Dutch Corporate Governance Code

Priorities for 2018

- Further improving the quality of the organisation
- Revision of the remuneration policy of the Executive Board
- Re-appointment of the CFO
- Succession planning of the Supervisory Board

Supervisory Board committees and tasks

The Supervisory Board was supported in 2017 by two committees: the audit and compliance committee and the remuneration and nomination committee. An extensive description of the tasks and activities of the Supervisory Board can be found on Vastned's website.

▶ www.vastned.com/en/investor-relations/agm

General and working methods

In 2017, the Supervisory Board met nine times in total. During these meetings, regular recurring subjects were discussed and evaluated, including financial results and the operational state of affairs, as well as the reporting of these issues in press releases.

To ensure sound decision-making the Executive Board supplied information to the Supervisory Board promptly at all times. During all meetings, the Supervisory Board was informed about positive and negative developments concerning the company.

Between the regular meetings there was also extensive ad hoc contact between individual members of the Supervisory Board and the members of the Executive Board. The CEO and the chairman of the Supervisory Board periodically discussed recent events and the current state of affairs within the company.

The chairman of the audit and compliance committee also had extensive contact with the CFO. Members of the Supervisory Board visited several of Vastned's retail locations both in the Netherlands and abroad (including a working visit to Lille, France) and talked to various members of staff.

The Supervisory Board is supported by the Company Secretary. His duties include: (i) ensuring and monitoring that the right procedures are followed and the statutory obligations and the obligations under the articles of association are observed at all times; (ii) aiding the information provision to the Executive Board and the Supervisory Board; and (iii) assisting the chairman of the Supervisory Board with the organisation of the Supervisory Board including information provision, the agenda of meetings, evaluations and training programmes.

At year-end 2017 Ingeborg van 't Woud joined Vastned as Company Secretary, supporting both the Executive Board and the Supervisory Board. She succeeds Marc Magrijn, who resigned from his position as secretary to the Supervisory Board after more than five years. The Supervisory Board would like to thank Mr Magrijn for his services over the past few years.

Notes on agenda items and other information

BUSINESS PLAN

Every year, the Supervisory Board discusses the business plan for the next three years with the Executive Board, including a detailed financial plan, and subsequently approves it. Progress on the targets set in the business plan and progress on the strategy is monitored at least quarterly.

The Supervisory Board notes that the Executive Board in 2017 realised excellent results in the execution of the business plan. The Supervisory Board shares the view of the Executive Board that caution, especially in the area of acquisitions, remains paramount in the present investment climate.

Progress was also made on entrepreneurship and raising the quality of the organisation, inter alia by the selection and the subsequent implementation of a new property management system, implementing personnel changes and attracting new employees, encouraging personal development through education and training, and promoting internal knowledge sharing, also between the various countries where Vastned is active.

EVALUATION OF EXECUTIVE BOARD

Early in 2017 the Supervisory Board carried out an extensive evaluation of the Executive Board based on 360 degree feedback from investors, analysts, staff, members of the management team and country managers. The findings of this evaluation were very positive.

FINANCIAL STATEMENTS 2016

During 2017 the results of the 2016 financial year and the 2016 financial statements were discussed. At the end of 2017, EY's management letter for 2017 was discussed with the Supervisory Board. No issues were raised in the report and the management letter that warrant mention in this report.

(RE)APPOINTMENTS TO THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

No (re)appointments were made in 2017. The composition of the Executive Board and the Supervisory Board remained unchanged.

RISK MANAGEMENT

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, during all regular meetings attention was devoted to the main risks involved in the business operations of the company based on the risk and control framework implemented in 2016. The setup and functioning of the corresponding internal risk management and control systems were periodically evaluated and discussed with the Supervisory Board. Risks were discussed in the areas of the valuation process, interest and financing, maintaining rent levels, occupancy rate and debtors (reported in more detail in the chapter Risk Management).

EVALUATION EXTERNAL AUDITOR

The chairman of the Supervisory Board and the chair of the audit and compliance committee consult at least once a year with the external auditor about its performance. In the opinion of the Supervisory Board the collaboration with Ernst & Young (EY) was satisfactory.

INVESTOR RELATIONS ACTIVITIES

Throughout the year, the Supervisory Board received detailed information on investor relations. Updates were given in several meetings, and reports on Vastned by several analysts were sent to the Supervisory Board promptly. Vastned annually asks different analysts and investors for their opinion of Vastned's performance in a survey conducted anonymously by an external party. The report based on the survey is immediately shared and discussed with the Supervisory Board.

This information ensures that the Supervisory Board keeps abreast of the focus of shareholders and analysts. In all regular meetings updates were provided on Vastned's performance development compared to the peer group.

RELATIONS WITH SHAREHOLDERS

The Supervisory Board believes that contact between the Supervisory Board and shareholders should primarily take place in shareholders' meetings. Even so, the Supervisory Board feels that contacts between the Company and shareholders outside shareholders' meetings may be important, both to the Company and to shareholders. The CEO is the first point of contact for shareholders. The Supervisory Board ensures that the Company in those cases in which this is considered important, will agree to speak to shareholders on request. On certain issues, e.g. the remuneration policy, the Supervisory Board itself will initiate contacts with shareholders outside the Annual General Meeting.

PERMANENT EDUCATION AND INDUCTION

Members of the Supervisory Board take instructional courses on all topics relevant to exercising supervision. The need for training is evaluated annually. Based on this evaluation a training plan is drawn up every year. Throughout 2017, the Supervisory Board explored current international developments, also by inviting leading external speakers, on international capital markets, the development of the interest rate, property markets and retail developments and discussed the impact of these developments on Vastned with the Executive Board. Additionally, the Supervisory Board is informed by Vastned about national and international property developments frequently also on developments in the area of corporate governance.
In the context of permanent education, several members of the Supervisory Board took course modules on topics such as property valuation, corporate governance, risk management and reporting.

SELF-EVALUATION BY THE SUPERVISORY BOARD

The Supervisory Board annually evaluates its own performance in depth; every three years an external party is brought in to do this.

An extensive self-evaluation has been performed in this context of and by the members of the Supervisory Board, with professional assistance from the Strategic Management Centre (SMC).

The conclusion of the meeting was that the Supervisory Board functions independently and correctly and is adequately equipped for its duties. The collaboration in the committees is also going well. The preparations for meetings by the Executive Board and the collaboration with the members of the Executive Board are deemed to be constructive and adequate.

The improvement points from the self-evaluation over 2016 were realised virtually completely in 2017. In the area of permanent education, a more extensive, multi-year curriculum was compiled for the Supervisory Board. Also, the members of the Supervisory Board were in contact with various disciplines within the organisation a number of times.

Report of the audit and compliance committee

Committee members and attendance

Audit and compliance committee meetings 2017	Regular: 4	Ad-hoc: 0
Charlotte M. Insinger c)	4/4	0/0
Jeroen B.J.M. Hunfeld	4/4	0/0

c) Chair

The audit and compliance committee (A&C) has two members, Charlotte Insinger (chair) and Jeroen Hunfeld. Charlotte Insinger can be qualified as a financial expert within the meaning of the Code. Other parties attending (parts of) meetings of the audit and compliance committee were the CFO, CEO, the General Counsel, external auditor EY and internal auditor BDO.

Highlights 2017

- **Progress on integrated reporting**
- **Evaluation implementation system for financial consolidation**
- **Selection of new property management system Yardi**
- **Reviewing various internal policy documents in response to the new Code**
- **Internal audit plan 2017 and assess outcomes Monitoring risk and control framework**

Priorities for 2018

- **Impact of new tax plans on tax status of Vastned**
- **Monitoring risk and control framework**
- **Review outcomes of internal audit plan 2018 and drafting internal audit plan 2019**
- **Progress on integrated reporting**
- **Implementation new property management system**

Duties

The audit and compliance committee is charged with supervising the Executive Board in particular on financial issues and with providing advice in this area to the Supervisory Board. The committee supervises inter alia:

- the financial reporting process;
- the statutory audit of the (consolidated) financial statements;
- the risk management of the Company; and
- compliance with laws and regulations and the functioning of codes of conduct.

The audit and compliance committee reports quarterly on its deliberations and findings. It reports to the Supervisory Board at least once a year on developments in the relationship with the external auditor. Once every four years, the performance of the external auditor is assessed in detail.

Notes on agenda items and other information

The audit and compliance committee met four times in 2017. During the reporting year, one meeting was held with EY in the absence of the Executive Board. The committee also frequently consulted outside meetings, both internally and with the Executive Board. In the various meetings many regular topics were discussed in detail, including:

- the 2016 financial statements;
- the (interim) financial reporting for the 2017 financial year;
- various developments in IFRS;
- letting risks;
- financing, interest management and the company's liquidity;
- insurance issues;
- catastrophe and liability risks;
- the company's tax and legal position;
- internal control and the administrative organisation;
- integrity, publicity risks and complaints from shareholders;
- compliance;
- IT risks;
- selection of Yardi;
- compliance with other relevant laws and regulations, including the new Corporate Governance Code.
- risk management. The current situation and changes regarding COSO.

Internal audit function

Annually, the audit and compliance committee discusses how the internal audit function is set up. Effective as of 2016, Vastned has appointed BDO Consultants BV (BDO) as internal auditor for a period of three years. In 2016, the Executive Board drew up an audit plan in consultation with the audit and compliance committee. Based on this plan, the internal auditor was instructed to audit the testing of the functioning of the risk and control framework implemented in 2016 as well as the Turkish organisation. This audit did not highlight any significant risks. BDO issued two reports in 2017: (i) a follow-up audit in connection with an investigation carried out in 2016 into the internal audits in the organisation and (ii) an audit opinion on the mitigation of risks in France. Neither report raised issues that warrant special mention here.

A draft internal audit plan was drawn up for 2018 and approved by the Supervisory Board.

Report of the remuneration and nomination committee

Committee members and attendance

R&N meetings 2017	Regular: 3	Ad-hoc: 0
Marieke Bax c)	3/3	0/0
Marc C. van Gelder	3/3	0/0

c) Chair

The remuneration and nomination committee has two members: Marieke Bax (chair) and Marc van Gelder. The General Counsel took minutes during the meetings of the remuneration and nomination committee.

Highlights 2017

- **Monitoring remuneration policy for the CEO and CFO**
- **Executive Board development and succession planning**
- **Review of Regulations of the Supervisory Board and Regulations of the Executive Board in the context of the Code**
- **Improving Executive Board evaluation process**
- **Monitoring Business Health Test as part of LTI**
- **Review of remuneration of the Supervisory Board**

Priorities for 2018

- **Review of Executive Board remuneration policy**
- **Determination of LTI for the period 2015-2017**
- **Auditor control on STIs**
- **Carry out a 360 degree evaluation**

Duties

The duties of the remuneration and nomination committee include:

- preparation of the decision-making on recruitment and selection including drawing up selection and appointment criteria;
- periodic evaluation of the members of the Executive Board and the Supervisory Board;
- periodic evaluation of the size of the Supervisory Board;
- preparation of decision-making on the remuneration policy for the Executive Board and the Supervisory Board;
- annual accounting for the remuneration policy in the remuneration report.

The full text of the regulations of the remuneration and nomination committee is available on Vastned's website.

▶ www.vastned.com/en/corporate-governance/committees

Notes on agenda items and other information

The remuneration and nomination met three times in 2017. The committee also consulted regularly outside meetings, and in early 2017 it made an extensive evaluation of the two members of the Executive Board based on feedback gained from extensive interviews. Also, there has been extensive consultation with Korn Ferry both on the review of the remuneration of the Supervisory Board and the review of the remuneration policy (in accordance with the policy once per three years by an external party).

In the context of the implementation of the new Corporate Governance Code, the Regulation Private Investment Transactions, the Regulation on Incidents, the Whistleblower's Code and the Code of Conduct were updated.

Other important meeting topics were:

- preparation of the remuneration report and placing it on the agenda of the Annual General Meeting and the report to the AGM;
- monitoring of the remuneration policy for the Executive Board;
- charting the potential consequences of the implementation of the new Code on the remuneration of and nominations for the Executive Board and the Supervisory Board;
- determination of the realisation of the targets for the variable short-term incentive for 2017 and setting targets for 2018.

Profile of the Supervisory Board and diversity

The profile of the Supervisory Board ensures that its composition is appropriate. The full text of the profile is available on Vastned's website. In 2017 the text of the Regulations and the profile of the Supervisory Board was updated to bring it into full compliance with the provisions in the new Corporate Governance Code. On page 26 and following of the report of the Executive Board the personal details of each of the members of the Supervisory Board are set out, which are referred to briefly here. The Supervisory Board believes that a mixed make-up of the Supervisory Board and the Executive Board in terms of gender, age, expertise, international work experience and background is a key condition for these bodies to function well. Vastned aims for the Supervisory Board and the Executive Board to be at least 30% female and at least 30% male.

The Supervisory Board concludes that the Supervisory Board and the Executive Board in their present composition are a good mix in terms of age, expertise, international experience and background. The Supervisory Board is informed regularly by Vastned about developments in property both in the Netherlands and abroad. The Supervisory Board also closely followed relevant developments in a broader perspective, inter alia by taking course modules on the new Corporate Governance Code, risk management and reporting/compliance.

At year-end 2017, the composition of the Supervisory Board was 50% female, which is in accordance with the objectives. The Executive Board, made up of two persons, was all male at year-end 2017, so it does not have the appropriate balanced composition. In new appointments to the Executive Board this aspect will be taken into account.

The diversity profile for the Supervisory Board including specific expertise is set out below.

	Year of birth	Gender	International experience	Management experience	Real estate	Finance & investments	Retail marketing	Social/governance	Communication
Marc van Gelder	1961	M	X	X		X	X		X
Charlotte Insinger	1965	V	X	X	X	X			
Marieke Bax	1961	V	X	X		X	X	X	
Jeroen Hunfeld	1950	M	X	X			X		X

The diversity policy of Vastned can be found on the website:

▶ www.vastned.com/en/corporate-governance/regulations_codes

REMUNERATION REPORT

The 2017 remuneration report for the Executive Board and the Supervisory Board is included on page 238 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/en/investor-relations/agm

2017 Financial statements and dividend

Financial statements

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2017 financial year, as prepared by the Executive Board. The financial statements have been audited by Ernst & Young Accountants LLP, which issued an unqualified audit opinion. In accordance with the proposal of the Executive Board and the recommendations of the audit and compliance committee, the Supervisory Board advises the Annual General Meeting to:

1) adopt the financial statements for the 2017 financial year in the form as presented in accordance with Article 27 of the Company's Articles of Association;
2) grant discharge to the members of the Executive Board for the performance of their duties in the 2017 financial year;
3) grant discharge to the members of the Supervisory Board for the performance of their duties Executive Board during the 2017 financial year.

Dividend policy

Vastned's dividend policy is to distribute at least 75% of the direct result per share as dividend. In principle, stock dividend will not be distributed. After the conclusion of the first half year, an interim dividend is distributed of 60% of the direct result per share from this first half year.

Dividend proposal

The Supervisory Board is in agreement with the Executive Board's proposal to distribute a dividend for the 2017 financial year of € 2.05 per share in cash. Taking the interim dividend of € 0.64 distributed on 21 August 2017 into account, a final dividend will be declared of € 1.41 per share.

Acknowledgements

The Supervisory Board wishes to express its gratitude to the shareholders and other stakeholders for their confidence in Vastned. The Supervisory Board would like to take this opportunity to thank the Executive Board and all Vastned employees for their dedication over the past reporting year.

Amsterdam, 14 February 2018

The Supervisory Board,
Vastned Retail N.V.

Marc C. van Gelder, chairman
Charlotte M. Insinger
Marieke Bax
Jeroen B.J.M. Hunfeld

Big City
Small Stories

MADRID

MADRID

ELEVATION
635
METRES

112
THEATRES

50
MARKETS

NUMBER OF VISITS
TOP 5 MUSEA
8.2 MILLION

NUMBER OF
BUS ROUTES
150

POPULATION
2.9 MILLION

43
CINEMAS

212
NIGHTCLUBS
& DISCOTHEQUES

3418
ROOMS
IN ROYAL
PALACE

CAPACITY OF
ESTADIO
SANTIAGO
BERNABÉU
81,004

12
MICHELIN STAR
RESTAURANTS

8600
PAINTINGS IN
PRADO
MUSEUM

5877
BARS

237
BALCONIES
ON
PLAZA
MAYOR

6334
RESTAURANTS

NUMBER OF
ANIMALS
IN ZOO
AQUARIUM
MADRID
5000

56
HOSPITALS

AVERAGE
TEMPERATURE IN
JULY
24.8°C

497
BOOKSHOPS

Tips

Food market	Gourmet Experience
Club	Gunilla Club
Gay bar	Chueca
Lunch	↑ **Le Pain Quotidien**

'YOU CAN HAVE GREAT FOOD IN ONE OF MADRID'S MANY HOT SPOTS THAT SERVE **THE LATEST FOOD TRENDS'**

Colleagues **Daniël Perez** (31) and **María Vogareda** (30)
Profession Consultant (Daniël), Human Resources Manager (María) / **From** Madrid /
Where Calle José Ortega y Gasset / **Madrid** 'Upmarket business district'

Daniël: 'The buildings in this area are beautiful. Top retailers are vying for space on these broad avenues in the Salamanca district. Both of us started working here just a few months ago, so we tend to look after each other. I feel at home in the city. Before, I worked in Belgium for a few years. That was good, too, but I'm glad to be back in Spain. Madrid is very welcoming, also to gay people. And you can have great food in one of Madrid's many hot spots that serve the latest food trends. Vegan is in, right now, and I love it.'

María: 'I haven't made the leap to actually going abroad. But I did move to Madrid recently. I love this area, and I feel right at home. I haven't had the chance to make many friends yet, so I often go out with Daniël. We'll go for a meal, to a bar or dance in a club. As a straight girl, you can have a lot of fun in a gay bar.'

Colleagues **Andrea Rivera** (23) and **Alba Hernández** (24)
Profession Communication advisers at the ministry / **From** Madrid / **Where** Top end of Calle de Fuencarral / **Madrid** 'Lively'

'I NEVER WORRY ABOUT WHAT I'M GOING TO EAT'

Andrea: 'We are filming the traffic situation after the layout was recently redone, to compare it with the situation as it was before. It's not a chore. The city centre is always busy with locals and tourists. After work we'll have a quick outdoor drink and then we'll go to a few shops. That's so great about working in the centre.'

Alba: 'We might as well have some tapas while we're there. There are affordable restaurants in all these side streets. I never worry about what I'm going to eat. I might get something from the food market if I don't feel like cooking. And there are plenty of good bars, for example just behind there in the gay zone.'

Tips

Clothing	Zara
	Mango
	Flamingos Vintage →
Club	Via Lactea
Café	Chueca
Concerts	WiZink Center

Andrew Artus (41) and his dog **Bobby**
Profession Editor at the ministry / **From** Madrid / **Where** Calle de Fuencarral / **Madrid** 'Relaxed'

SPANISH PEOPLE SOCIALISE A LOT MORE THAN PEOPLE IN ENGLAND

Andrew: 'I always walk my dog at lunchtime. I work very close at the ministry. I emigrated to Madrid from England seventeen years ago, and I've never regretted it. Life is much cheaper here and the weather is great. I enjoy living in the city centre, the shops, the outdoor cafés and the culture. Spanish people socialise a lot more than people in England. They tend to live outdoors, which is why apartments are much smaller here. After work I often go for a drink with friends or colleagues. Even in winter you can sit outside to have a drink. Going out in Madrid is both enjoyable and refined.'

Tips

Foodmarket	**Mercado San Anton, which also has a rooftop bar and a tapas bar ↓**
Café	Any on Calle Sta. Bárbara
	Chueca is my favourite
Clothing	Ted Baker
	Suitsupply
	Massimo Dutti
	G-Star RAW Store

Sara Rodriguez (38)
Profession Birkenstock sales assistant / **From** Madrid / **Where** Calle de Fuencarral / **Madrid** 'Home'

FOR TOP DESIGN YOU CAN GO TO THE BUSINESS QUARTER

Sara: 'There is something for everyone on Calle de Fuencarral. There are cheap and more expensive shops. There are wonderful lunch cafés and smaller restaurants in the side streets where you can have tapas and great Asian food. For top design you can go the business quarter; it's within walking distance from here. And so are all the food markets and gadget shops. Everything is very close, so you never have to go far. It's very practical!'

Tips

Restaurant	Lateral Castellana 89
Smoothies	**Xanacuk ↓**
Coffee	Starbucks
Club	Tempo Club

Elena Corvasce (28)
Profession Dancer / **From** Rome, Italy /
Where Calle de Fuencarral / **Madrid** 'Metropolis'

THE STREETS ARE **VERY LIVELY**

Elena: 'As a dancer I travel throughout Europe, and work in clubs and discos. I'm now in Madrid for a while. I've only been here a few days, so I haven't had the chance to see much of the city. I like the atmosphere, though. As an Italian, I feel quite at home. Life starts slowly in the morning, shops open late and bars and restaurants stay open well into the night. In the morning I have breakfast at Mérimée, a lovely little place at the end of this shopping street. It's got free wifi, which is useful. Like in Rome, the nightlife is great; there are outdoor cafés that stay open late. The streets are very lively. I'm staying in a small apartment just off Calle de Fuencarral, and it's surprisingly quiet. I know Madrid isn't going to disappoint me.'

Tips

Breakfast and coffee	**Mérimée ↓**
Club	Le Boutique Club

Aamir Bennani (25)
Profession Just graduated, now on a gap year /
From Madrid / **Where** Calle José Ortega y Gasset /
Madrid 'Metropolis'

IT'S A MATTER OF **FINDING THE RIGHT COMBINATION**

Aamir: 'My mother has gone shopping for my niece at Bonpoint. I prefer to wait outside, because she takes her time. My mum is in a wheelchair, so one of us always goes with her. Not all shops are easy to access with a wheelchair, although in this upmarket area most places are. The shops are more spacious. I bought sneakers for myself at Jimmy Choo's. Very expensive, but I love them. Well, my mother likes to spoil me. I buy my clothes in the bigger chains. It's a matter of finding the right combination.'

Tips

Clothes and shoes	**Jimmy Choo →**
	Pepe Jeans
Lunch	Goiko Grilln

EPRA Performance measures

6

EPRA best practices-recommendations

The EPRA Best Practices Recommendations (BPRs) published by EPRA's Reporting and Accounting Committee contain recommendations concerning the determination of key performance indicators for measuring the turnover of the property portfolio. Vastned endorses the importance of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report. For this reason, Vastned has decided to include the key performance indicators in a separate chapter of the annual report.

The statements included in this chapter are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.

The EPRA BPR Checklist is available on Vastned's website:

▶ www.vastned.com

EPRA performance measures

			(x € 1,000)		Per share (x € 1)	
EPRA performance measure [1]	**Page**	**Table**	**2017**	**2016**	**2017**	**2016**
EPRA Earnings	153	1	41,134	46,115	2.22	2.42
EPRA NAV	153	2	854,337	829,147	46.98	43.56
EPRA NNNAV	153	3	830,301	793,476	45.66	41.68
EPRA Net Initial Yield (NIY)	154	4 (i)	4.1%	4.4%		
EPRA 'topped-up' NIY	154	4 (ii)	4.2%	4.6%		
EPRA Vacancy Rate	156	5	2.0%	2.7%		
EPRA Cost Ratio (including direct vacancy costs)	157	6 (i)	20.2%	22.2%		
EPRA Cost Ratio (excluding direct vacancy costs)	157	6 (ii)	19.4%	21.0%		
Capital expenditure	157	7				

1) The EPRA performance measures are calculated on the basis of the definitions published by the EPRA and are included in the list of definitions on page 258.

1. EPRA earnings

	2017	2016
Result according to consolidated IFRS profit and loss account	**106,609**	**33,517**
Value movements in property	(64,058)	(17,902)
Net result on disposal of property	1,891	4,503
Financial expenses	817	819
Value movements in financial derivatives	(2,371)	707
Movement in deferred tax assets and liabilities	2,861	230
Results from discontinued operations with respect to the hereforementioned items	(1)	28,559
Attributable to non-controlling interests	(4,614)	(4,318)
EPRA Earnings	**41,134**	**46,115**
EPRA Earnings per share (EPS) (x € 1)	**2.22**	**2.42**

2 & 3. EPRA NAV & EPRA NNNAV

	31-12-2017		31-12-2016	
		per share (x € 1)		per share (x € 1)
Equity Vastned Retail shareholders	838,685	46.12	804,437	42.26
Adjustment for effect of convertible bond loan	-	-	-	-
Diluted equity of Vastned Retail shareholders	838,685	46.12	804,437	42.26
Market value of financial derivatives	2,909	0.16	5,126	0.27
Deferred tax	12,743	0.70	19,584	1.03
EPRA NAV	**854,337**	**46.98**	**829,147**	**43.56**
Market value of financial derivatives	(2,909)	(0.16)	(5,126)	(0.27)
Market value of interest-bearing loans [1]	(11,316)	(0.62)	(17,284)	(0.91)
Deferred tax	(9,811)	(0.54)	(13,261)	(0.70)
EPRA NNNAV	**830,301**	**45.66**	**793,476**	**41.68**

1) The calculation of the market value is based on the swap yield curve at year-end 2017 and the credit spreads in effect at year-end 2017.

4. EPRA Net Initial Yield & EPRA Topped-up Net Initial Yield as of 31 December

	The Netherlands 2017	The Netherlands 2016	France 2017	France 2016	Belgium 2017	Belgium 2016	Spain 2017	Spain 2016	Turkey 2017	Turkey 2016	Total 2017	Total 2016
Property	677,514	684,010	433,995	382,305	388,560	360,935	91,495	87,543	-	100,000	1,591,564	1,614,793
addition:												
Estimated transaction fees	47,426	51,485	33,603	29,521	9,715	9,025	2,489	2,450	-	3,093	93,233	95,574
Investment value of property (B)	**724,940**	**735,495**	**467,598**	**411,826**	**398,275**	**369,960**	**93,984**	**89,993**	**-**	**103,093**	**1,684,797**	**1,710,367**
Annualised gross rental income	35,656	37,913	17,613	16,639	19,926	19,176	3,374	3,282	-	7,780	76,569	84,790
Non-recoverable operating expenses	(4,594)	(5,514)	(1,120)	(1,136)	(1,855)	(1,724)	(225)	(214)	-	(598)	(7,794)	(9,186)
Annualised net rental income (A)	**31,062**	**32,399**	**16,493**	**15,503**	**18,071**	**17,452**	**3,149**	**3,068**	**-**	**7,182**	**68,775**	**75,604**
Effect of rent-free periods and other lease incentives	457	562	419	601	279	456	25	-	-	714	1,180	2,333
Topped-up annualised net rental income (C)	**31,519**	**32,961**	**16,912**	**16,104**	**18,350**	**17,908**	**3,174**	**3,068**	**-**	**7,896**	**69,955**	**77,937**
(i) EPRA Net Initial Yield (A/B)	4.3%	4.4%	3.5%	3.8%	4.5%	4.7%	3.4%	3.4%		7.0%	4.1%	4.4%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.3%	4.5%	3.6%	3.9%	4.6%	4.8%	3.4%	3.4%		7.7%	4.2%	4.6%

	Core city assets 2017	Core city assets 2016	Mixed retail locations 2017	Mixed retail locations 2016	Total 2017	Total 2016
Property	1,259,650	1,243,490	331,914	371,303	1,591,564	1,614,793
addition:						
Estimated transaction fees	77,024	74,970	16,208	20,604	93,232	95,574
Investment value of property (B)	**1,336,674**	**1,318,460**	**348,122**	**391,907**	**1,684,796**	**1,710,367**
Annualised gross rental income	51,366	56,950	25,203	27,840	76,569	84,790
Non-recoverable operating expenses	(4,302)	(5,031)	(3,492)	(4,155)	(7,794)	(9,186)
Annualised net rental income (A)	**47,064**	**51,919**	**21,711**	**23,685**	**68,775**	**75,604**
Effect of rent-free periods and other lease incentives	963	1,684	217	649	1,180	2,333
Topped-up annualised net rental income (C)	**48,027**	**53,603**	**21,928**	**24,334**	**69,955**	**77,937**
(i) EPRA Net Initial Yield (A/B)	3.5%	3.9%	6.2%	6.0%	4.1%	4.4%
(ii) EPRA Topped-up Net Initial Yield (C/B)	3.6%	4.1%	6.3%	6.2%	4.2%	4.6%

5. EPRA Vacancy Rate

31-12-2017	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	37,081	32,571	139,675	35,656	1,072	37,249	2.9%
France	17,631	16,304	36,103	17,613	335	18,760	1.8%
Belgium	19,443	17,863	92,646	19,926	175	19,459	0.9%
Spain	3,325	3,100	3,291	3,374	-	3,710	-
Turkey	1,851	1,811	-	-	-	-	-
Total property	**79,331**	**71,649**	**271,715**	**76,569**	**1,582**	**79,178**	**2.0%**
Core city assets	52,279	47,721	97,025	51,366	264	54,774	0.5%
Mixed retail locations	27,052	23,928	174,690	25,203	1,318	24,404	5.4%
Total property	**79,331**	**71,649**	**271,715**	**76,569**	**1,582**	**79,178**	**2.0%**

31-12-2016	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	42,486	36,117	157,415	37,913	1,737	40,653	4.3%
France	16,460	14,746	35,435	16,639	358	18,722	1.9%
Belgium	18,900	17,344	92,085	19,176	339	19,131	1.8%
Spain	3,452	3,138	3,291	3,282	-	3,677	-
Turkey	8,171	7,710	13,100	7,780	34	7,887	0.4%
Total property	**89,469**	**79,055**	**301,326**	**84,790**	**2,468**	**90,070**	**2.7%**
Core city assets	55,697	50,726	107,943	56,950	570	62,206	0.9%
Mixed retail locations	33,772	28,329	193,383	27,840	1,898	27,864	6.8%
Total property	**89,469**	**79,055**	**301,326**	**84,790**	**2,468**	**90,070**	**2.7%**

6. EPRA Cost Ratios

	2017	2016 1)
General expenses	8,161	8,232
Ground rents paid	143	154
Operating expenses	7,024	9,188
Net service charge expenses	475	611
less: Ground rents paid	(143)	(154)
EPRA costs (including vacancy costs) (A)	**15,660**	**18,031**
Vacancy costs	(679)	(972)
EPRA costs (excluding vacancy costs) (B)	**14,981**	**17,059**
Gross rental income less ground rents paid (C)	**77,337**	**81,144**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.2%	22.2%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	19.4%	21.0%

1) The comparative figures for 2016 have been adjusted relating to the discontinued operations in Turkey.

In 2017, an amount of less than € 0.1 million (2016: € 0.1 million) of operating expenses was capitalized. Vastned capitalizes the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for letting. General expenses (overhead) are not capitalized.

7. Capital Expenditure

	2017	2016
Acquisitions 1)	37,643	75,905
Development	-	-
Like-for-like portfolio 2)	3,858	4,973
Other 3)	(65)	1,081
Total	**41,436**	**81,959**

1) Concerns purchases of core city assets in Amsterdam, Utrecht, Paris and Antwerp.
2) Concerns improvements to various properties already owned throughout the various countries.
3) Mainly concerns improvements to properties that were sold during the financial year, or that were transferred to Assets held for sale, as well as the adjustment of the purchase price of an object acquired in the past.

Direct and indirect result

7

Direct result

(x € 1,000)

	2017	2016
Gross rental income	77,480	81,298
Ground rents paid	(143)	(154)
Net service charge expenses	(475)	(611)
Operating expenses	(7,024)	(9,188)
Net rental income	**69,838**	**71,345**
Financial income	21	295
Financial expenses	(17,608)	(19,122)
Net financing costs	**(17,587)**	**(18,827)**
General expenses	(8,161)	(8,232)
Direct result before taxes	**44,090**	**44,286**
Current income tax expense	(104)	(460)
Movement in deferred tax assets and liabilities	106	2
Direct result after taxes from continuing operations	**44,092**	**43,828**
Direct result after taxes from discontinued operations	1,656	6,605
Direct result after taxes	**45,748**	**50,433**
Direct result attributable to non-controlling interests	(4,614)	(4,318)
Direct result attributable to Vastned Retail shareholders	**41,134**	**46,115**

Indirect result

(x €1 ,000)

	2017	2016
Value movements in property in operation	64,058	19,065
Value movements in property under renovation	-	(1,163)
Total value movements in property	**64,058**	**17,902**
Net result on disposal of property	(1,891)	(4,503)
Financial expenses	(817)	(819)
Value movements in financial derivatives	2,255	(824)
Reclassification of unrealised results on financial derivatives from equity	116	117
Indirect result before taxes	**63,721**	**11,873**
Movement in deferred tax assets and liabilities	(2,861)	(230)
Indirect result after taxes from continuing operations	**60,860**	**11,643**
Indirect result after taxes from discontinued operations	1	(28,559)
Indirect result after taxes	**60,861**	**(16,916)**
Indirect result attributable to non-controlling interests	(7,350)	(2,768)
Indirect result attributable to Vastned Retail shareholders	**53,511**	**(19,684)**
Direct result attributable to Vastned Retail shareholders	**41,134**	**46,115**
Indirect result attributable to Vastned Retail shareholders	**53,511**	**(19,684)**
Result attributable to Vastned Retail shareholders	**94,645**	**26,431**

Per share (x € 1)

Direct result attributable to Vastned Retail shareholders	2.22	2.42
Indirect result attributable to Vastned Retail shareholders	2.89	(1.03)
	5.11	**1.39**

The direct result attributable to Vastned Retail shareholders consists of net rental income less net financing costs (excluding value movements in financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

The indirect result attributable to Vastned Retail shareholders consists of the value movements and the net result on disposal of property, the non-cash portion of the interest on the convertible bond loan, movements in deferred tax assets and/or deferred tax liabilities and the value movements in financial derivatives, less the part of these items attributable to non-controlling interests.

2017 Financial statements

8

Consolidated profit and loss account

(X € 1,000)

NET INCOME FROM PROPERTY	Notes	2017	2016
Gross rental income	4, 26	77,480	81,298
Ground rents paid	4	(143)	(154)
Net service charge expenses	4	(475)	(611)
Operating expenses	4	(7,024)	(9,188)
Net rental income		**69,838**	**71,345**
Value movements in property in operation	5	64,058	19,065
Value movements in property under renovation	5	-	(1,163)
Total value movements in property		**64,058**	**17,902**
Net result on disposal of property	6	(1,891)	(4,503)
Total net income from property		**132,005**	**84,744**
EXPENDITURE			
Financial income	7	21	295
Financial expenses	7	(18,425)	(19,941)
Value movements in financial derivatives	7	2,255	(824)
Reclassification of unrealised results on financial derivatives from equity	7	116	117
Net financing costs		**(16,033)**	**(20,353)**
General expenses	8	(8,161)	(8,232)
Total expenditure		**(24,194)**	**(28,585)**
Result before taxes		**107,811**	**56,159**
Current income tax expense	9	(104)	(460)
Movement in deferred tax assets and liabilities	9, 15	(2,755)	(228)
Total income tax		**(2,859)**	**(688)**
Result after taxes from continuing operations		**104,952**	**55,471**
Result after taxes from discontinued operations	10	**1,657**	**(21,954)**
Result after taxes		**106,609**	**33,517**
Result from continuing operations attributable to Vastned Retail shareholders		92,988	48,385
Result from discontinued operations attributable to Vastned Retail shareholders		1,657	(21,954)
Result attributable to non-controlling interests	29	11,964	7,086
		106,609	**33,517**
PER SHARE (X € 1)			
Result from continuing operations	11	5.02	2.54
Result from discontinued operations	11	0.09	(1.15)
Result		**5.11**	**1.39**
Diluted result from continuing operations	11	4.57	2.40
Diluted result from discontinued operations	11	0.08	(1.02)
Diluted result		**4.65**	**1.38**

Consolidated statement of comprehensive income

(X € 1,000)

	Notes	2017	2016
Result after taxes from continuing operations		104,952	55,471
Result after taxes from discontinued operations		1,657	(21,954)
Result after taxes		**106,609**	**33,517**
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	20	815	319
Taxes on items not reclassified to the profit and loss account		-	-
Items that have been or could be reclassified to the profit and loss account			
Reclassification of unrealised results on financial derivatives to the profit and loss account		(116)	(117)
Reclassification of translation differences on net investments to the profit and loss account		5,728	-
Taxes on items that have been or could be reclassified to the profit and loss account		-	-
Other comprehensive income after taxes		**6,427**	**202**
Comprehensive income		**113,036**	**33,719**
Attributable to:			
Vastned Retail shareholders		101,072	26,633
Non-controlling interests		11,964	7,086
		113,036	**33,719**

Consolidated balance sheet as at 31 december

(X € 1,000)

Assets

	Notes	2017	2016
Property in operation	14	1,523,723	1,611,725
Accrued assets in respect of lease incentives	14	2,639	3,068
Total property		**1,526,362**	**1,614,793**
Tangible fixed assets		1,120	1,280
Deferred tax assets	15	-	275
Total fixed assets		**1,527,482**	**1,616,348**
Assets held for sale	16	65,202	-
Debtors and other receivables	17,24	2,894	5,674
Income tax		155	204
Cash and cash equivalents	18	2,077	1,280
Total current assets		**70,328**	**7,158**
Total assets		**1,597,810**	**1,623,506**

Equity and liabilities

	Notes	2017	2016
Paid-up and called-up capital	19	95,183	95,183
Share premium reserve		472,640	472,640
Hedging reserve in respect of financial derivatives		383	499
Translation reserve		-	(5,728)
Other reserves		175,834	215,412
Result attributable to Vastned Retail shareholders	11	94,645	26,431
Equity Vastned Retail shareholders		**838,685**	**804,437**
Non-controlling interests	29	94,730	87,060
Total equity		**933,415**	**891,497**
Deferred tax liabilities	15	12,431	19,598
Provisions in respect of employee benefits	20	5,477	6,009
Long-term interest-bearing loans	21	608,609	601,610
Financial derivatives	24	3,558	6,145
Guarantee deposits and other long-term liabilities		3,835	3,559
Total long-term liabilities		**633,910**	**636,921**
Payable to banks	22	7,227	14,654
Redemption of long-term interest-bearing loans	21	18	57,518
Financial derivatives	24	-	106
Income tax		186	1,076
Other liabilities and accruals	23	23,054	21,734
Total short-term liabilities		**30,485**	**95,088**
Total equity and liabilities		**1,597,810**	**1,623,506**

Consolidated statement of movements in equity

(X € 1,000)

	Paid-up and called-up capital	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Result attributable to shareholders Vastned Retail	Equity shareholders Vastned Retail	Non-controlling interests	Total equity
Balance as of 1 January 2016	95,183	472,640	616	(5,728)	188,458	65,471	816,640	84,373	901,013
Result	-	-	-	-	-	26,431	26,431	7,086	33,517
Other comprehensive income	-	-	(117)	-	319	-	202	-	202
Comprehensive income	**-**	**-**	**(117)**	**-**	**319**	**26,431**	**26,633**	**7,086**	**33,719**
Final dividend for previous financial year in cash	-	-	-	-	-	(24,939)	(24,939)	(4,399)	(29,338)
2016 interim dividend in cash	-	-	-	-	(13,897)	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	40,532	(40,532)	-	-	-
Balance as of 31 December 2016	**95,183**	**472,640**	**499**	**(5,728)**	**215,412**	**26,431**	**804,437**	**87,060**	**891,497**
Result	-	-	-	-	-	94,645	94,645	11,964	106,609
Other comprehensive income	-	-	(116)	5,728	815	-	6,427	-	6,427
Comprehensive income	**-**	**-**	**(116)**	**5,728**	**815**	**94,645**	**101,072**	**11,964**	**113,036**
Final dividend for previous financial year in cash	-	-	-	-	-	(25,126)	(25,126)	(4,294)	(29,420)
2017 interim dividend in cash	-	-	-	-	(11,639)	-	(11,639)	-	(11,639)
Contribution from profit appropriation	-	-	-	-	1,305	(1,305)	-	-	-
Buyback of shares	-	-	-	-	(30,059)	-	(30,059)	-	(30,059)
Balance as of 31 December 2017	**95,183**	**472,640**	**383**	**-**	**175,834**	**94,645**	**838,685**	**94,730**	**933,415**

Consolidated cash flow statement

(X € 1,000)

CASH FLOW FROM OPERATING ACTIVITIES	Notes	2017	2016
Result after taxes		106,609	33,517
Adjustments for:			
Value movements in property	5	(64,058)	15,119
Net result on disposal of property	6	1,891	4,503
Net financing costs	7, 10	16,045	20,344
Income tax	9, 10	2,897	(2,941)
Cash flow from operating activities before changes in working capital and provisions		**63,384**	**70,542**
Movement in current assets		(492)	(545)
Movement in short-term liabilities		(798)	(361)
Movement in provisions		169	130
		62,263	**69,766**
Interest received		25	301
Interest paid		(16,695)	(18,779)
Income tax paid		(797)	(4,464)
Cash flow from operating activities		**44,796**	**46,824**
CASH FLOW FROM INVESTING ACTIVITIES			
Property acquisitions		(32,682)	(77,920)
Capital expenditure on property		(4,479)	(5,913)
Disposal of property		29,145	82,035
Disposal of subsidiaries		95,167	10,501
Cash flow from property		**87,151**	**8,703**
Movement in tangible fixed assets		160	(134)
Cash flow from investing activities		**87,311**	**8,569**
CASH FLOW FROM FINANCING ACTIVITIES			
Buyback of shares	19	(30,059)	-
Dividend paid	12	(36,765)	(38,836)
Dividend paid to non-controlling interests	29	(4,294)	(4,399)
Interest-bearing loans drawn down	21	95,067	11,375
Interest-bearing loans redeemed	21, 22	(154,945)	(25,017)
Settlement of interest rate derivatives		(590)	-
Movements in guarantee deposits and other long-term liabilities		276	2
Cash flow from financing activities		**(131,310)**	**(56,875)**
Net increase/(decrease) in cash and cash equivalents		**797**	**(1,482)**
Cash and cash equivalents as of 1 January	18	1,280	2,762
Cash and cash equivalents as of 31 December		**2,077**	**1,280**

Notes to the consolidated financial statements

1 General information

Vastned Retail N.V. ('the Company' or 'Vastned'), with offices in Amsterdam and registered office in Rotterdam, the Netherlands, is a property company that invests sustainably in top quality retail property with a clear focus on the best retail property in the popular high streets of larger cities (i.e. core city assets). Smaller investments are also made in mixed retail locations, consisting of high street shops in other cities, Belgian 'baanwinkels' stores, a number of supermarkets and in (parts of) a few smaller shopping centres. The property is located in the Netherlands, France, Belgium and Spain.

Vastned is entered in the trade register of the Chamber of Commerce under number 24262564.

Vastned is listed on the Euronext stock exchange of Amsterdam.

The consolidated financial statements of the Company include the Company and its subsidiaries (jointly referred to as 'the Group') and the interests the Group has in associates and entities over which it exercises joint control.

2 Significant principles for financial reporting

A STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and also comply with the legal provisions concerning the financial statements as stipulated in Title 9 of Book 2 of the Netherlands Civil Code. These standards comprise all new and revised standards and interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective for financial years starting on or after 1 January 2017.

New or amended standards and interpretations that became effective in 2017

The amended standards and interpretations that came into effect in 2017 are listed below.

- **Annual Improvements to IFRSs 2014-2016 Cycle** (effective for financial years starting on or after 1 January 2017/1 January 2018)
  The changes are minor amendments to a number of standards.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- **Amendments to IAS 7:** Disclosure Initiative
  The amendments are part of IASB's Disclosure Initiative and require reconciliation between the amounts in the opening balance sheet and closing balance sheet for every item classified in the cash flow statement as a financing activity.
  The amendments prompt clarification of the explanation;
- **Amendments to IAS 12:** Recognition of Deferred Tax Assets for Unrealised Losses
  These amendments concern clarification of the recognition of deferred tax assets for unrealised losses relating to debt instruments valued at market value.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;

New or amended standards and interpretations which will be in effect for financial years starting on or after 1 January 2018 and later which are not yet applied by the Group

- **IFRS 9 Financial Instruments** (effective for financial years starting on or after 1 January 2018)
  IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and concerns the classification and measurement of financial assets and equity and liabilities, the impairment of financial assets and hedge accounting.

  Classification and measurement
  The Group values its financial fixed assets at amortised cost and its financial derivatives at fair value through profit or loss. The classification and measurement of the Group's financial assets will remain unchanged by the implementation of this standard.

Impairment
Under IFRS 9, the recognition and determination of impairments will have to take place in a more future-focused manner on the basis of an expected credit loss model (ECL) instead of the incurred loss model used to date. The ECL model applies to financial assets valued at amortised cost or at fair value through other comprehensive income. Two practical applications - the simplified approach and the low credit risk exemption - may be used to determine the ECL. The simplified approach will be applied to the debtors. Analysis has indicated that implementing the simplified approach will have no material impact on the equity as of 1 January 2018 and the Group's future financial results. The low credit risk exemption applies to the Group's cash and cash equivalents; it will have no impact.

Hedge accounting
The Group does not apply hedge accounting.

Modification of long-term liabilities
Vastned has recognised three modifications, whereby no result at the moment of modification has been reported, in accordance with IAS 39. In accordance with the first calculation, application of IFRS 9 results in a decrease in the equity by € 1.2 million as of 1 January 2018 and an increase in the Long-term interest-bearing loans by the same amount.

- **IFRS 15 Revenue from Contracts with Customers (effective for financial years starting on or after 1 January 2018)**
IFRS 15 replaces IAS 11 Construction Contracts and IAS 18 Revenue and concerns the reporting of turnover from contracts with customers. The Group analysed the impact applying this standard will have on the Group's equity and result. The implementation of IFRS 15 has no effects for the recognition of rental income, since the rental income can be classified as lease income and does not fall within the scope of IFRS 15. Analysis of the service costs charged to tenants indicates that the Group can be designated as an agent, as was the case under IAS 18. Implementation of the standard therefore has no effects for the presentation of the service costs charged to tenants in the consolidated profit and loss account. These are still reported net under the Net service charge expenses.
In France, several lease contracts include a fee for the management of common areas. Analysis of this indicates that Vastned can be designated as a principal in this context. This means that this income, amounting to approximately € 0.4 million in 2017, can no longer be added to the general expenses, but must be recognised as turnover.
Since this only involves a change to the presentation, the impact on the Group's financial results is nil.
The implementation of IFRS 15 could have an effect on the moment at which the sale of property is recognised. In IAS 18, the moment of recognition is based on the assessment of when the risks and rewards transfer, while in IFRS 15 , the moment of recognition is based on the assessment of the moment that control transfers.
Implementation of IFRS 15 will not result in any adjustment of the comparative figures in this area in 2018. The group will apply the modified retrospective approach.

- **Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for financial years starting on or after 1 January 2018)**
The amendments involve several clarifications in relation to goods and services.
The amendments do not have any impact on the presentation, notes or financial results of the Group.

- **IFRS 16 Leases (effective for financial years starting on or after 1 January 2019)**
This standard describes how both financial and operating lease contracts must be recognised.
The standard mainly has consequences for lessees. Except in certain exempt situations, lessees must include all lease contracts on the balance sheet. An exemption applies for the leasing of assets with minimal value and for short-term leases. Lessees report a lease obligation with the corresponding asset (right of use) and recognise interest and depreciation separately. Certain events necessitate a reassessment by the lessee of certain key elements (for instance, lease term and variable rents based on an index).
The Group operates almost exclusively as a lessor. The recognition of lease contracts by lessors remains largely unchanged, which means application of the new standard is not expected to have any material impact on the Group's financial results.
The Group is a lessee in very few cases. This concerns a number of lease contracts for offices which the Group leases for its organisation, as well as a small number of ground lease contracts. The Group will include a right of use and a lease obligation on its balance sheet for these cases.
The expected impact on the balance sheet as of 1 January 2019 and the Group's 2019 financial results is not material, however.

New or amended standards and interpretations not yet adopted by the European Union
The following standards, amended standards and interpretations that have not yet been adopted by the European Union are not yet being applied by the Group:

- **Improvements to IFRS Standards 2015-2017 Cycle (effective for financial years starting on or after 1 January 2017/1 January 2019)**
The changes are minor amendments to a number of standards.
The amendments are not expected to have any impact on the presentation, notes or financial results of the Group.

- **Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (effective for financial years starting on or after 1 January 2019)**
The amendments clarify that an entity must apply IFRS 9 to long-term interests in associated participating interests or joint ventures to which it does not apply the equity method.
The amendments are not expected to have any impact on the presentation, notes or financial results of the Group.

- **Amendments to IAS 40: Transfers of Investment Property (effective for financial years starting on or after 1 January 2018)**
The amendment concerns a clarification of when property must be reclassified as or from property in operation or under renovation.
The amendment will have no impact on the presentation, notes or financial results of the Group.

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective for financial years starting on or after 1 January 2019)**
The amendments concern the recognition of financial instruments with the option of early repayment for an amount lower than the contractual payments of principal and interest.
The amendments are not expected to have any impact on the presentation, notes or financial results of the Group.

- **IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective for financial years starting on or after 1 January 2019)**
The interpretation clarifies the recognition of uncertain tax positions in the financial statements. The uncertainty in the amount reported and the assumptions used must be explained. The impact this interpretation will have on the Group's financial results needs to be further determined.

B PRINCIPLES APPLIED IN THE COMPILATION OF THE FINANCIAL REPORTING

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated otherwise. Property and financial derivatives are valued at fair value. The other items in the financial statements are valued at historical cost, unless stated otherwise.

Amortised cost
The amortised cost is the amount for which a financial asset or financial liability is recognised on the balance sheet at initial recognition less repayments on the principal, increased or decreased by the cumulative amortisation of the difference between that initial amount and the final maturity amount - determined via the effective interest method - less any write-downs (directly or by forming a provision) due to impairments or uncollectability.

Netting
An asset and an item in outside capital are reported net in the financial statements exclusively if and to the extent:

- a proper legal instrument is available for simultaneous, net settlement of the asset and item of the outside capital; and
- there is a firm intention to settle the netted item as such or the two items simultaneously.

Comparative figures
Vastned regarded the Turkish activities as a separate, important geographical business area, which is why these activities were presented as a segment. Because of the sale of the Turkish property portfolio in the first half of 2017, the Turkish activities are presented in the 2017 consolidated financial statements as discontinued operations in accordance with IFRS 5. The comparative figures have been adapted accordingly and presented as a result of discontinued operations.

The reconciliation between the published 2016 results and the adapted 2016 results as contained in the comparative figures in the 2017 financial statements is as follows:

NET INCOME FROM PROPERTY	Notes	2016	Turkey	2016 adjusted
Gross rental income	4, 26	89,469	(8,171)	81,298
Ground rents paid	4	(154)	-	(154)
Net service charge expenses	4	(611)	-	(611)
Operating expenses	4	(9,649)	461	(9,188)
Net rental income		**79,055**	**(7,710)**	**71,345**
Value movements in property in operation	5	(13,956)	33,021	19,065
Value movements in property under renovation	5	(1,163)	-	(1,163)
Total value movements in property		**(15,119)**	**33,021**	**17,902**
Net result on disposal of property	6	(4,503)	-	(4,503)
Total net income from property		**59,433**	**25,311**	**84,744**
EXPENDITURE				
Financial income	7	305	(10)	295
Financial expenses	7	(19,942)	1	(19,941)
Value movements in financial derivatives	7	(824)	-	(824)
Reclassification of unrealised results on financial derivatives from equity	7	117	-	117
Net financing costs		**(20,344)**	**(9)**	**(20,353)**
General expenses	8	(8,513)	281	(8,232)
Total expenditure		**(28,857)**	**272**	**(28,585)**
Result before taxes		**30,576**	**25,583**	**56,159**
Current income tax expense	9	(1,293)	833	(460)
Movement in deferred tax assets and liabilities	9, 15	4,234	(4,462)	(228)
Total income tax		**2,941**	**(3,629)**	**(688)**
Result after taxes from continuing operations		**33,517**	**21,954**	**55,471**
Result after taxes from discontinued operations	10	**-**	**(21,954)**	**(21,954)**
Result after taxes		**33,517**	**-**	**33,517**
Result attributable to Vastned Retail shareholders		26,431		26,431
Result attributable to non-controlling interests	29	7,086		7,086
		33,517		**33,517**

Estimates and assumptions
In the preparation of the financial statements in compliance with IFRS, the Board of Management has made judgements concerning estimates and assumptions that have an impact on the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on past experience and other relevant factors, given the circumstances on the balance sheet date. The actual results may deviate from these estimates.

The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was revised, and in future periods as well if the estimate has an impact on these future periods. The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties on the balance sheet date that have a material impact on the financial statements and that present a significant risk of material adjustments to book values in the next financial year are included in 30 ACCOUNTING ESTIMATES AND JUDGEMENTS.

The accounting principles for financial reporting under IFRS set out below have been applied consistently within the Group for all periods presented in these consolidated financial statements.

C BASIS OF CONSOLIDATION

Subsidiaries
Subsidiaries are entities over which the Company has direct or indirect predominant control. The Company has predominant control if:

- it has power over the entity;
- it is exposed to or entitled to variable returns because of its involvement in the entity; and
- it has the possibility of using its predominant control over the entity to influence the size of these returns.

Every one of these three criteria must be satisfied before the Company is deemed to have predominant control over the entity in which it has an interest.
The financial statements of the subsidiaries are included in the consolidated statements from the date at which predominant control is first obtained until such time when control ceases. Once predominant control is obtained, all subsequent changes in ownership interests that do not involve the loss of that predominant control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are recognised separately in the balance sheet under equity. Non-controlling interests in the result of the Group are also recognised separately.

Transactions eliminated on consolidation
Balances within the Group and any unrealised profits and losses on transactions within the Group or income and expenditure from such transactions are eliminated in the preparation of the financial statements. Unrealised profits in respect of transactions with associates are eliminated proportionally to the interest that the Group has in the entity. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Acquisition of subsidiaries
The Group acquires subsidiaries that own property. At the moment of acquisition, the Group assesses whether the acquisition must be designated as a business combination or as the purchase of an asset. The Group recognises the acquisition of a subsidiary as a business combination if the acquisition also involves acquiring an integrated series of activities. More specifically, account is taken of the degree to which significant processes are acquired and, in particular, the size of the services provided by the subsidiary. The costs of the acquisition of a business combination are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Expenses incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) equity and liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which the cost of an acquired entity at first recognition exceeds the net fair value of the identifiable assets, equity and liabilities and contingent equity and liabilities. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill.
After initial recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause.

Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account.

For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.

If the acquisition of a subsidiary does not qualify as an acquisition of a business combination, the acquisition is recognised as the acquisition of an asset. The expenses incurred in connection with the acquisition are capitalised in that case. Goodwill and deferred tax liabilities at the moment of acquisition are not stated.

D FOREIGN CURRENCIES

The items in the financial statements of the separate entities of the Group are recognised in the currency of the principal economic environment in which the entity operates (the 'functional currency'). The currency of the main cash flows of the entity is taken into account in determining the functional currency. As a result, the euro is used as the functional currency in all foreign entities where the Group operates.

The consolidated financial statements are presented in euros, the Group's reporting currency. In the preparation of the financial statements of the separate entities, transactions in foreign currencies are recognised at the exchange rate effective on the transaction date. Foreign currency results arising from the settlement of these transactions are recognised in the profit and loss account.

On the balance sheet date, monetary assets and equity and liabilities in foreign currency are translated at the exchange rate effective on that date. Non-monetary assets and equity and liabilities that are valued at fair value are translated at the exchange rate on the date on which the fair value was determined. Non-monetary assets and equity and liabilities valued at historical cost are translated at the historical exchange rate.

E PROPERTY IN OPERATION AND UNDER RENOVATION

Property is immoveable property held in order to realise rental income, value increases or both. Property is classified as property in operation if the property is available for letting.

Acquisitions and disposals of immoveable property available for letting are included in the balance sheet as property or designated as disposed of at the time when the obligation to acquire or dispose of is entered into by means of an agreement signed by both parties, at which time the conditions of the transaction can be identified unequivocally and any contingent conditions included in the agreement can no longer be invoked, or the chance that they will be invoked is small, the material risks and benefits associated with the ownership of the property have been transferred and the actual control over the property has been acquired or has been transferred.
Upon initial recognition, the property is recognised at acquisition price plus costs attributable to the acquisition, including property transfer tax, property agency fees, due diligence costs, legal costs and civil-law notary costs, and is recognised at fair value on subsequent balance sheet dates.

Property is classified as property under renovation at such time when it is decided that for continued future use, an existing property must first be renovated and as a consequence is no longer available for letting during renovation.

Both property in operation and property under renovation is stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see under 'Q Gross Rental Income'). The fair value is based on market value (less the costs borne by the buyer, including property transfer tax and civil-law notary costs), i.e. the estimated value at which a property could be traded on the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties acting prudently and without duress.

The independent, certified appraisers are instructed to appraise the property in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.

The appraisers use the discounted cash flow method and/or the capitalisation method for determining the market value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecast cash flow for the next ten years and the end value which is calculated by capitalising the market rental value at the beginning of the eleventh year at a certain yield (capitalisation factor). The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a yield. The capitalisation factor is based on the yields of recent market transactions for comparable properties at comparable locations. Both methods take recent market transactions and differences between market rental value and contractual rental value, incentives provided to tenants, vacancy, operating expenses paid, state of repair and future developments into account.
The valuation of the property is based on the most efficient and effective use.

In order to present the fair value on the balance sheet date in (interim) financial statements as accurately as possible, the following system is used:

- Property in operation and under renovation with an expected individual value exceeding € 2.5 million is appraised externally every six months.
- External appraisals of property with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the six-month periods. For the periods in which this property is not appraised externally, the fair value of the property is determined internally.
- The external appraisers must be demonstrably properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently, objectively and ethically.
- In principle, the external appraiser for a property is changed every three years.

Based on this method, approximately 90% of the total value of the property is effectively appraised externally every six months.

The remuneration of the external appraisers is based on a fixed fee per property and on the number of tenants per property.

Profits or losses resulting from a change in the fair value of a property in operation or under renovation are entered in the profit and loss account under 'Value movements property in operation/under renovation' in the period in which they occur.

Profits or losses resulting from the disposal of property are determined as the difference between the net income from disposal and the most recently published book value of the property. They are recognised in the period in which the disposal takes place and entered under 'Net result on disposal of property'.

F TANGIBLE FIXED ASSETS

Tangible fixed assets mainly comprise assets held by the Group in the context of ancillary business operations, such as office furniture, computer equipment and vehicles. Tangible fixed assets are valued at cost less cumulative depreciation and any cumulative impairment losses. Depreciation is recognised in the profit and loss account using the straight-line method, taking account of the expected useful life and residual value of the assets in question. The expected useful life is estimated as follows:

• Office furniture and the like	5 years
• Computer equipment	5 years
• Vehicles	5 years

G FINANCIAL DERIVATIVES

The Group uses financial interest rate derivatives to hedge interest rate risks resulting from its operating, financing and investing activities. In accordance with the treasury policy set by the Executive Board and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. Financial derivatives are valued at fair value.

The fair value of financial interest rate derivatives is the amount the Group would expect to receive or to pay if the financial interest rate derivatives were to be terminated on the balance sheet date, taking into account the current interest rate and the actual credit risk of the particular counterparty or counterparties or the Group on the balance sheet date. The amount is determined on the basis of information from reputable market parties.

A derivative is classified as a current asset or short-term debt if the remaining term of the derivative is less than 12 months or if the derivative is expected to be realised or settled within 12 months.

The value movements in the financial derivatives are reported in the profit and loss account.
The Group does not apply hedge accounting.

H ASSETS HELD FOR SALE

Assets and groups of assets are recognised under 'Assets held for sale' if it is expected that the book value will principally be realised by the sale of the assets within one year after recognition under 'Assets held for sale' and not as the result of the continued use thereof. This condition is only satisfied if the sale is very likely, the assets are available for immediate sale in their present condition and the Executive Board has prepared a plan for this.

Assets held for sale are recognised at fair value.

Profits or losses resulting from a change in the fair value of assets held for sale are entered in the profit and loss account under 'Value movements assets held for sale' in the period in which they occur.

I DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairment losses.

J CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as the positive balances in bank accounts.
Cash and cash equivalents which are not (expected to be) at the group's disposal for a period of more than twelve months are classified as financial fixed assets.

K CAPITAL PAID-UP AND CALLED, SHARE PREMIUM RESERVE AND OTHER RESERVES

Shares are classified as equity Vastned Retail shareholders. External expenses directly attributable to the issue of new shares, such as issuing costs, are deducted from the issue proceeds and consequently recognised in the share premium reserve. In the issue price of shares, account is taken of the estimated result for the current financial year attributable to the shareholders of the Company up to the issuing date. The result included in the issue price is added to the share premium reserve.

When repurchasing the Company's own shares, the balance of the amount paid, including directly attributable costs, is charged to the Other reserves.

No result is recognised in the profit and loss account upon the buyback, sale, issue or cancellation of the Company's own shares.

Dividends in cash are charged to the other reserves in the period in which the dividends are declared by the Company.

L DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised for income tax to be reclaimed in future periods relating to offsettable temporary differences between the book value of assets and equity and liabilities and their fiscal book value, and for the carry-forward of unused tax losses or unused tax credits. Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for compensation.

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and equity and liabilities and their fiscal book value.

For the valuation of deferred tax assets and liabilities, the tax rates are taken into account that are expected to apply in the period in which the liability will be settled, based on tax rates (materially) enacted on the balance sheet date. Deferred tax assets and liabilities are not discounted.

No deferred tax asset or liability is recognised for taxable temporary differences upon the initial recognition of an asset or liability in a transaction which is not a business combination and which has no impact on the result at the moment of the transaction.
Nor are any deferred tax liabilities recognised for taxable temporary differences arising from the initial recognition of goodwill.

M PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

Defined benefit pension plans
The Group's net liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the pension rights that employees have built up in return for their service during the reporting period and prior periods. The pension rights in respect of defined benefit pension plans are calculated at net present value at a discount rate less the fair value of the plan assets from which the equity and liabilities are to be settled. The discount rate is the yield on the balance sheet date of high-quality corporate bonds with maturities approximating the liabilities of the Group. The certified external actuary employs the projected unit credit method for this calculation. This method takes into account, among other things, future employee salary increases and inflation.

If the pension entitlements based on a scheme are changed or if a scheme is curtailed, the ensuing change in entitlements in relation to past service or the gain or loss on that curtailment is recognised directly in the profit and loss account.

If the plan assets exceed the obligations, the recognition of the assets is limited to the present value of the economic advantages available in the form of any future refunds from the plan or lower future pension premiums.

The net interest is calculated by applying the discount rate to the net liability on the basis of defined benefit pension schemes. The interest is recognised in the profit and loss account under 'Financial expenses'. The service costs and administration costs are recognised in the profit and loss account under 'General expenses'.

Remeasurements, consisting of actuarial gains and losses, among other things, are reported in the Other comprehensive income.

Defined contribution pension plans
Obligations of the Group in respect of defined contribution pension plans are recognised as expenditure in the profit and loss account when the contributions become due.

Long-term employee benefits
The liabilities based on long-term employee benefits are stated at the present value of the long-service bonuses to be paid to employees in the future.

N OTHER PROVISIONS

Provisions are recognised in the balance sheet if the Group has a legally enforceable or actual obligation resulting from a past event and if it is probable that the settlement of that liability will require an outflow of funds. If the effect is material, provisions are made that are equal to the present value of the expenditure that is expected to be required for the settlement of the liability.

O INTEREST-BEARING DEBTS

Upon initial recognition, interest-bearing debts are stated at fair value less the expenses associated with taking on the interest-bearing debt. After their initial recognition, interest-bearing debts are stated at amortised cost, recognising any difference between the cost price and the debt to be repaid in the profit and loss account for the term of the debt based on the effective interest rate method.
Interest-bearing debts with a term of more than one year are recognised under long-term liabilities. Any repayments on interest-bearing debts within one year are recognised under short-term liabilities.

Convertible bond loan

The convertible bond loan is a component of the interest-bearing debts. The fair value of the part of the convertible bond loan designated as long-term interest-bearing loan is determined by discounting an equivalent non-convertible loan at the market interest rate. This amount is included as a liability upon initial recognition and thereafter stated at amortised cost until the moment the bond loan is converted or expires. The remainder is designated as the equity component of the bond loan and is recognised in the share premium reserve in equity.

P OTHER LIABILITIES AND ACCRUALS

Other liabilities and accruals are initially recognised at fair value and subsequently valued at amortised cost.

Q GROSS RENTAL INCOME

Gross rental income from operational leases is recognised on a time-proportionate basis over the term of the leases. Rent-free periods, rental value reductions and other lease incentives are recognised as an integral part of total gross rental income. The resulting accruals are recognised under 'Accrued assets in respect of lease incentives'. These accruals are part of the fair value of the respective property in operation.
Benefit paid from tenants in relation to the premature termination of a lease are recognised in the period in which they occur.

R NET SERVICE CHARGE EXPENSES

Service charges are the expenses for power, doormen, garden maintenance, etc., which can be charged on to the tenant under the terms of the lease. The part of the service costs that cannot be charged on relates largely to vacant (units in) properties. The expenses and amounts charged on are not specified in the profit and loss account.

S OPERATING EXPENSES

Operating expenses paid are the costs directly related to the operation of the property, such as maintenance, management costs, insurance, allocation to the provision for doubtful debtors and local taxes. These expenses are attributed to the period to which they relate. Expenses incurred when concluding operational leases, such as commissions, are recognised in the period in which they are incurred.

T NET FINANCING COSTS

Net financing costs are the interest expenses paid on loans and debts attributable to the period, calculated on the basis of the effective interest rate method, less capitalised financing costs on property and interest income on outstanding loans and receivables. Net financing costs also include gains and losses resulting from changes in the fair value of the financial derivatives. These gains and losses are recognised immediately in the profit and loss account.

U GENERAL EXPENSES

General expenses include personnel costs, housing costs, IT costs, publicity costs and the costs of external consultants and are recognised in the period in which they are incurred. Costs relating to the internal commercial, technical and administrative management of the property are attributed to operating expenses paid.

V INCOME TAX

Income tax comprises taxes currently payable and recoverable as attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities (see under L DEFERRED TAX ASSETS AND LIABILITIES). Income tax is recognised in the profit and loss account, except to the extent that it concerns items that are included directly in equity, in which case, the tax is recognised under equity.

The taxes payable and offsettable for the reporting period are the taxes that are expected to be payable on taxable profit in the financial year, calculated on the basis of tax rates and tax legislation enacted or substantively enacted on the balance sheet date, and corrections to taxes payable for previous years.
Additional income tax in respect of dividend benefit paid by subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

W DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has been disposed of and which:

- represents a separate, important business operation or geographical business area; and
- constitutes part of a single coordinated plan to dispose of a separate, important business operation or geographical business area; or
- is a subsidiary which has been acquired solely for the purpose of being sold on.

The result from discontinued operations is presented separately from the result from continuing operations in the profit and loss account, and as a total amount after taxes.

X CASH FLOW STATEMENT

The cash flow statement is prepared based on the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Income and expenditure in respect of interest are recognised under the cash flow from operating activities. Expenditure in respect of dividends is recognised under the cash flow from financing activities.

Y SEGMENTED INFORMATION

A segment is a part of Vastned that carries out business operations which result in income and expenses. The operating results of the separate segments are assessed periodically by the Executive Board on the basis of confidential financial information; following this the Executive Board decides on the allocation of resources to the segments.
The segmented information is presented on the basis of the countries where the property is located and on the basis of the type of property.
Vastned published a strategy update in March 2017. One of the changes contained in this concerned the segmentation of the property portfolio. The number of segments was reduced from three (premium city high street shops, high street shops and non-highstreet shops) to two: core city assets and mixed retail locations.
The comparative figures were adjusted accordingly.
These reporting segments are consistent with the segments used in the internal reports.

3 Segmented information

	The Netherlands		France		Belgium		Spain/Portugal		Turkey		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net rental income	32,571	36,117	16,304	14,746	17,863	17,344	3,100	3,138	-	-	69,838	71,345
Value movements in property in operation	8,154	(6,823)	31,184	15,063	20,751	7,162	3,969	3,663	-	-	64,058	19,065
Value movements in property under renovation	-	(1,163)	-	-	-	-	-	-	-	-	-	(1,163)
Net result on disposal of property	(1,986)	(4,103)	116	124	(21)	25	-	(549)	-	-	(1,891)	(4,503)
Total net income from property	**38,739**	**24,028**	**47,604**	**29,933**	**38,593**	**24,531**	**7,069**	**6,252**	**-**	**-**	**132,005**	**84,744**
Net financing costs											(16,033)	(20,353)
General expenses											(8,161)	(8,232)
Income tax											(2,859)	(688)
Result after taxes from continuing operations											**104,952**	**55,471**
Result after taxes from discontinued operations									**1,657**	**(21,954)**	**1,657**	**(21,954)**
Result after taxes											**106,609**	**33,517**

PROPERTY IN OPERATION	The Netherlands		France		Belgium		Spain/Portugal		Turkey		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Balance as of 1 January	**682,335**	**741,647**	**381,848**	**337,849**	**360,503**	**356,348**	**87,409**	**76,333**	**99,630**	**132,651**	**1,611,725**	**1,644,828**
Acquisitions	11,436	21,388	19,759	27,923	6,448	-	-	26,594	-	-	37,643	75,905
Capital expenditure	2,456	2,771	455	1,013	884	2,037	(2)	-	-	-	3,793	5,821
Taken into/out of operation	-	(9,645)	-	-	-	-	-	-	-	-	-	(9,645)
Transferred to Assets held for sale	(27,190)	-	(37,683)	-	-	-	-	-	-	-	(64,873)	-
Disposals	(28,449)	(67,003)	17	-	(561)	(5,044)	-	(19,181)	(99,630)	-	(128,623)	(91,228)
	640,588	689,158	364,396	366,785	367,274	353,341	87,407	83,746	-	132,651	1,459,665	1,625,681
Value movements	8,154	(6,823)	31,184	15,063	20,751	7,162	3,969	3,663	-	(33,021)	64,058	(13,956)
Balance as of 31 December	**648,742**	**682,335**	**395,580**	**381,848**	**388,025**	**360,503**	**91,376**	**87,409**	**-**	**99,630**	**1,523,723**	**1,611,725**
Accrued assets in respect of lease incentives	1,317	1,675	668	457	535	432	119	134	-	370	2,639	3,068
Appraisal value as of 31 December	**650,059**	**684,010**	**396,248**	**382,305**	**388,560**	**360,935**	**91,495**	**87,543**	**-**	**100,000**	**1,526,362**	**1,614,793**
Other assets 1)	29,055	2,969	38,178	1,395	1,279	1,542	166	832	-	3	68,678	6,741
Not allocated to segments 2)											2,770	1,972
Total assets											**1,597,810**	**1,623,506**
Liabilities	18,914	14,812	5,810	5,475	2,285	2,943	10,616	10,611	-	10,405	37,625	44,246
Not allocated to segments 3)											626,770	687,763
Total liabilities											**664,395**	**732,009**

1) The Assets held for sale are included in the Other assets.
2) The other assets not allocated to segments are primarily cash and cash equivalents and other receivables.
3) The liabilities not allocated to segments virtually all concern the financing of the property portfolios in the different countries. The financing of the property portfolios is managed at the holding level. For this reason, segmenting this financing by country is not relevant.

	Core city assets		Mixed retail locations		Total	
	2017	2016	2017	2016	2017	2016
Net rental income	45,910	43,016	23,928	28,329	69,838	71,345
Value movements in property in operation	77,809	42,763	(13,751)	(23,698)	64,058	19,065
Value movements in property under renovation	-	-	-	(1,163)	-	(1,163)
Net result on disposal of property	206	147	(2,097)	(4,650)	(1,891)	(4,503)
Total net income from property	**123,925**	**85,926**	**8,080**	**(1,182)**	**132,005**	**84,744**
Net financing costs					(16,033)	(20,353)
General expenses					(8,161)	(8,232)
Income tax					(2,859)	(688)
Result after taxes from continuing operations					**104,952**	**55,471**
Result after taxes from discontinued operations		**1,657**	**(21,954)**		**1,657**	**(21,954)**
Result after taxes					**106,609**	**33,517**

PROPERTY IN OPERATION	Core city assets		Mixed retail locations		Total	
	2017	2016	2017	2016	2017	2016
Balance as of 1 January	**1,241,405**	**1,163,791**	**370,320**	**481,037**	**1,611,725**	**1,644,828**
Acquisitions	37,643	75,905	–	–	37,643	75,905
Capital expenditure	3,543	4,227	250	1,594	3,793	5,821
Taken into/out of operation	–	-	–	(9,645)	–	(9,645)
Transferred to Assets held for sale	(36,267)	–	(28,606)	–	(64,873)	–
Disposals	(102,720)	(12,260)	(25,903)	(78,968)	(128,623)	(91,228)
	1,143,604	1,231,663	316,061	394,018	1,459,665	1,625,681
Value movements	77,809	9,742	(13,751)	(23,698)	64,058	(13,956)
Balance as of 31 December	**1,221,413**	**1,241,405**	**302,310**	**370,320**	**1,523,723**	**1,611,725**
Accrued assets in respect of lease incentives	1,906	2,085	733	983	2,639	3,068
Appraisal value as of 31 December	**1,223,319**	**1,243,490**	**303,043**	**371,303**	**1,526,362**	**1,614,793**
Other assets	37,411	1,586	28,926	3,306	66,337	4,892
Not allocated to segments					5,111	3,821
Total assets					**1,597,810**	**1,623,506**

4 Net rental income

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
The Netherlands	37,081	42,486	(30)	(43)	(119)	(136)	(4,361)	(6,190)	32,571	36,117
France	17,631	16,460	-	-	(261)	(371)	(1,066)	(1,343)	16,304	14,746
Belgium	19,443	18,900	(113)	(111)	(95)	(87)	(1,372)	(1,358)	17,863	17,344
Spain/Portugal	3,325	3,452	-	-	-	(17)	(225)	(297)	3,100	3,138
	77,480	**81,298**	**(143)**	**(154)**	**(475)**	**(611)**	**(7,024)**	**(9,188)**	**69,838**	**71,345**

GROUND RENTS PAID	2017	2016
Attributable to leased properties	140	148
Attributable to vacant properties	3	6
	143	**154**

NET SERVICE CHARGE EXPENSES	2017	2016
Attributable to leased properties	23	49
Attributable to vacant properties	452	562
	475	**611**

OPERATING EXPENSES	2017	2016
Attributable to leased properties	6,797	8,778
Attributable to vacant properties	227	410
	7,024	**9,188**

OPERATING EXPENSES	2017	2016
Maintenance	1,841	2,411
Administrative and commercial management 1)	3,099	3,252
Insurance	302	310
Local taxes	1,703	1,773
Letting costs	239	448
Allocation to the provision for doubtful debtors (on balance)	(729)	526
Other operating expenses	569	468
	7,024	**9,188**

1) 4% of gross rental income, consisting of external and general expenses paid, which are attributed to operating expenses.

5 Value movements in property

	2017			2016		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	106,839	(42,781)	64,058	56,008	(36,943)	19,065
Property under renovation	-	-	-	-	(1,163)	(1,163)
	106,839	**(42,781)**	**64,058**	**56,008**	**(38,106)**	**17,902**

6 Net result on disposal of property

	2017	2016
Sale price	27,055	95,870
Book value at time of disposal	(28,993)	(99,478)
	(1,938)	**(3,608)**
Sales costs	(3)	(1,014)
	(1,941)	**(4,622)**
Other	50	119
	(1,891)	**(4,503)**

7 Net financing costs

INTEREST INCOME	2017	2016
Other interest income	(21)	(295)

INTEREST EXPENSE	2017	2016
Long-term interest-bearing loans	18,103	19,270
Short-term credits and cash loans	154	182
Other interest payable	168	489
	18,425	**19,941**
Total interest	**18,404**	**19,646**
Value movements in financial derivatives	(2,255)	824
Reclassification of unrealised results on financial derivatives from equity	(116)	(117)
	16,033	**20,353**

8 General expenses

	2017	2016
Personnel costs	7,728	6,888
Remuneration of Supervisory Board	181	157
Consultancy and audit costs	815	908
Appraisal costs	560	506
Accommodation and office costs	1,084	1,309
Other expenses	523	1,329
	10,891	**11,097**
Attributed to operating expenses	(2,730)	(2,865)
	8,161	**8,232**

PERSONNEL COSTS

During 2017, an average of 45 employees (full-time equivalents) were employed by Vastned in its continuing operations (2016: 47), of whom, 26 were in the Netherlands and 19 abroad (2016: 27 in the Netherlands and 20 abroad). In the year under review, Vastned was accountable for € 5.4 million in wages and salaries (2016: € 4.6 million), € 0.7 million in social security charges (2016: € 0.7 million) and € 0.6 million in pension premiums (2016: € 0.6 million).

The other personnel costs amounted to € 1.0 million (2016: € 1.0 million).

AUDIT COSTS

The consultancy and audit costs include the costs shown below, which were charged by Ernst & Young Accountants LLP for work carried out for Vastned Retail N.V. and its subsidiaries.

	2017	2016
Audit fees	289	282
Audit-related fees	-	-
Other non-audit-related fees	9	4
	298	**286**

The fees stated above for auditing the financial statements are based on the costs reported in the profit and loss account. The audit costs include a sum of € 0.2 million (2016: € 0.2 million) for Ernst & Young accountants LLP in the Netherlands. In addition to the statutory audit of the financial statements, Ernst & Young Accountants LLP performed the following non-prohibited services in 2017:

	2017
Reporting to the remuneration committee on the realisation of the bonus performance targets of the board of management - short-term incentive	3
Reporting on compliance with bank covenants	2
Acquisition balance sheet activities	4
	9

OTHER EXPENSES

Other expenses include, inter alia, publicity costs and IT costs.

9 Income tax

CURRENT INCOME TAX EXPENSE	2017	2016
Current financial year	104	460

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES	2017	2016
In respect of:		
Value movements in property	2,861	230
Movement in offsettable losses	(106)	(2)
	2,755	**228**
	2,859	**688**

The geographic distribution of the income tax is as follows:

	2017 Current income tax expense	2017 Movement in deferred tax assets and liabilities	2017 Total	2016 Current income tax expense	2016 Movement in deferred tax assets and liabilities	2016 Total
The Netherlands	(211)	1,519	1,308	146	-	146
France	29	-	29	(21)	-	(21)
Belgium	255	168	423	55	42	97
Spain	31	1,068	1,099	166	964	1,130
Portugal	-	-	-	114	(778)	(664)
	104	**2,755**	**2,859**	**460**	**228**	**688**

RECONCILIATION OF EFFECTIVE TAX RATE	2017	2017	2016	2016
Result before taxes		**107.811**		**56.159**
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates for subsidiaries operating in other jurisdictions	3.0%	3,256	1.3%	719
Change in tax rates	0.0%	(30)	0.0%	-
Adjustment to previous financial years	(0.3%)	(367)	(0.1%)	(31)
	2.7%	**2,859**	**1.2%**	**688**

The companies within the group are taxed according to the tax regulations in the country in which they are established; a few countries have special fiscal regimes for property investments.

DUTCH FBI REGIME

In the Netherlands, Vastned and several subsidiaries constitute a fiscal unity which qualifies as a fiscal investment institution ('FBI') for corporate income tax ('Vpb'). As long as this fiscal unity continues to satisfy the conditions for qualifying as an FBI, the fiscal unity's fiscal result is taxed at a corporate income tax rate of 0%. The Dutch property portfolio is largely held by this tax group. The conditions of the FBI regime mainly concern the investment character of the activities, the fiscal financing ratios, the composition of the shareholders' base and the cash dividend distribution of the fiscal result within 8 months of the close of the financial year. Two Dutch companies which hold Dutch property are subject to the regular fiscal regime, which means that the income less interest, management fees and other expenses is taxed at the nominal corporate income tax rate of 25.00%.

BELGIAN GVV REGIME

In Belgium, virtually the entire property portfolio is held by the regulated property company ('GVV') Vastned Retail Belgium N.V. A regulated real estate company essentially has a tax-exempt status, so that no tax is payable in Belgium on the net rental income and capital gains realised there. The requirements for applying the status of a regulated real estate company are in principle comparable to those for the Dutch FBI regime.

Two properties are held by companies that are subject to the regular fiscal regime, which means that the income less interest, depreciation, management fees and other expenses is taxed at the nominal tax rate of 33.99% (with effect from 2018: 29.58%).

FRENCH SIIC REGIME (SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE)

In France, the entire property portfolio is held by various French companies which are subject to the French SIIC regime. Under this fiscal regime, no tax is owed on the net rental income and capital gains realised. The requirements of the SIIC regime are in principle comparable to those for the Dutch FBI regime.
The French management company is subject to the regular fiscal regime, which means that the taxable result, consisting of income less depreciation, interest and other expenses, is taxed at a nominal tax rate of 33.33%%.

SPAIN

In Spain, the properties are held by companies subject to the usual tax rules. Depreciation, interest, management fees and other expenses are deducted from the taxable net rental income realised in these companies and the nominal tax rate of 25.00% is then applied.

The calculations of deferred tax assets and liabilities are based on the nominal corporate income tax rates as effective on 1 January 2018.

10 Result after taxes from discontinued operations

The result after taxes from discontinued operations is the result of the operations in Turkey which were sold in April 2017.

Result after taxes from discontinued operations can be specified as follows:

	2017	2016
Net rental income	1,811	7,710
General expenses	(105)	(281)
Value movements in property	-	(33,021)
Operational result	**1,706**	**(25,592)**
Net financing costs	(5,740)	9
Net result on disposals	5,729	-
Result before taxes from discontinued operations	**1,695**	**(25,583)**
Current income tax expense	(38)	(833)
Movement in deferred tax assets and liabilities	-	4,462
Result after taxes from discontinued operations	**1,657**	**(21,954)**

The net financing costs include € 5.7 million relating to the reclassification of translation differences on net investments from equity.

The cash flow statement includes the following amounts relating to the discontinued operations: operational activities € 2.2 million (2016: € 6.6 million), investing activities € 95.2 million (2016: nil) and financing activities nil (2016: nil).

The proceeds from the sale of the Turkish activities amounted to € 95.6 million, including € 0.4 million in cash and cash equivalents, and are reported under the cash flow from investing activities.

11 Result per share

	2017		2016	
	Basic	Diluted	Basic	Diluted
Result after taxes from continuing operations	92,988	92,988	48,385	48,385
Adjustment for effect of convertible bond loan	-	3,312	-	3,314
Result after taxes from continuing operations adjusted for effect of convertible bond loan	**92,988**	**96,300**	**48,385**	**51,699**
Result after taxes from discontinued operations	1,657	1,657	(21,954)	(21,954)
Result adjusted for effect of convertible bond loan	**94,645**	**97,957**	**26,431**	**29,745**

AVERAGE NUMBER OF SHARES OUTSTANDING	2017		2016	
	Basic	Diluted	Basic	Diluted
Balance as of 1 January	**19,036,646**	**19,036,646**	**19,036,646**	**19,036,646**
Effect of share buybacks	(530,863)	(530,863)	-	-
Adjustment for effect of convertible bond loan	-	2,577,924	-	2,538,071
Average number of shares outstanding	**18,505,783**	**21,083,707**	**19,036,646**	**21,574,717**

PER SHARE (X € 1)	2017		2016	
	Basic	Diluted	Basic	Diluted
Result after taxes from continuing operations	5.02	4.57	2.54	2.40
Result after taxes from discontinued operations	0.09	0.08	(1.15)	(1.02)
	5.11	**4.65**	**1.39**	**1.38**

No shares were issued or purchased during the period between the balance sheet date and the date on which the financial statements were drawn up and approved for publication.

12 Dividend

On 9 May 2017, the final dividend for the 2016 financial year was made payable. The dividend amounted to € 1.32 per share in cash. This dividend payment totalled € 25.1 million.

On 21 August 2017, the interim dividend for the 2017 financial year was made payable. The interim dividend amounted to € 0.64 per share in cash (total payout: € 11.6 million).

Based on this dividend policy and with due consideration for the conditions associated with fiscal investment institution status in the sense of article 28 of the 1969 Netherlands Corporate Income Tax Act and for the interim dividend already paid out, the Executive Board proposes that a final dividend of € 1.41 per share be paid out in cash for the 2017 financial year.

If the General Meeting of Shareholders of 19 April 2018 approves the dividend proposal, the dividend will be made payable to shareholders on 8 May 2018. The dividend to be distributed has not been entered on the balance sheet as a liability.

13 Fair value

The fair value is the amount the Group would expect to receive on the balance sheet date if an asset is sold or to pay if a liability is transferred in an orderly transaction between market parties.

The assets and liabilities valued at fair value on the balance sheet are divided into a hierarchy of three levels:

- **Level 1:**
  The fair value is determined based on published listings in an active market
- **Level 2:**
  Valuation methods based on information observable in the market
- **Level 3:**
  Valuation methods based on information that is not observable in the market, which has a more than significant impact on the fair value of the asset or liability

The table below shows according to which level the assets and liabilities of the Group valued at fair value are valued:

		2017		2016	
ASSETS VALUED AT FAIR VALUE	Level	Book value	Fair value	Book value	Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,526,362	1,526,362	1,614,793	1,614,793
Assets held for sale	3	65,202	65,202	-	-
LIABILITIES VALUED AT FAIR VALUE					
Long-term liabilities					
Long-term interest-bearing loans	2	608,609	619,457	601,610	618,883
Financial derivatives	2	3,558	3,558	6,145	6,145
Short-term liabilities					
Financial derivatives	2	-	-	106	106

All assets and liabilities valued at fair value were valued as of 31 December.

No assets or liabilities were reclassified with respect to level in 2017 and 2016.

The fair value of the 'Long-term interest-bearing loans' is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at the end of December 2017.

The fair value of the 'Debtors and other receivables', 'Cash and cash equivalents', 'Guarantee deposits and other long-term liabilities', 'Payable to banks', and 'Other liabilities and accruals ' is considered to be equal to the book value because of the short-term nature of these assets and liabilities or the fact that they are subject to a floating interest rate. For this reason, these items have not been included in the table.

For an explanation of the valuation methods used for property in operation and the financial derivatives, see the notes to the particular assets and liabilities.

The value of the Assets held for sale is determined on the basis of expected sale prices, which are based on draft contracts of sale or letters of intent.

14 Property

The property in operation and under renovation valued at fair value falls under 'level 3' in terms of valuation method.

VALUATION OF PROPERTY

Key principles and assumptions used in determining the appraisal values of the property in operation and under renovation:

	The Netherlands		France		Belgium		Spain		Turkey	Total	
	Core City Assets	Mixed Retail Locations	Core City Assets	Mixed Retail Locations	Core City Assets	Mixed Retail Locations	Core City Assets	Mixed Retail Locations	Core City Assets	Core City Assets	Mixed Retail Locations
2017											
Appraisal value as at 31 December	505,553	144,506	394,918	1,330	234,653	153,907	88,195	3,300	-	1,223,319	303,043
Lease incentives still to be granted as of the balance sheet date	96	133	116	-	414	168	4	-	-	630	301
Market rental value per sqm (X € 1)	557	149	787	47	372	144	1,307	305	-	578	141
Theoretical annual rental value per sqm (X € 1)	522	161	726	92	390	151	1,194	299	-	550	153
Vacancy rate at end of reporting year	0.4	6.5	0.5	39.5	0.2	1.7	-	-	-	0.4	5.0
Weighted average lease term in years (until first break)	3.9	3.7	2.1	1.7	1.9	1.9	2.5	4.0	-	2.8	2.9
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**3.5**	**6.2**	**3.4**	**19.8**	**4.0**	**5.6**	**3.3**	**5.0**	**-**	**3.6**	**6.0**
2016											
Appraisal value as at 31 December	464,820	219,190	376,813	5,492	217,514	143,421	84,343	3,200	100,000	1,243,490	371,303
Lease incentives still to be granted as of the balance sheet date	827	848	456	1	299	133	134	-	370	2,086	982
Market rental value per sqm (X € 1)	559	152	709	74	384	139	1,295	305	602	576	144
Theoretical annual rental value per sqm (X € 1)	508	166	647	120	399	146	1,151	294	651	548	157
Vacancy rate at end of reporting year	1.0	8.5	1.2	19.0	0.8	2.8	-	-	0.4	0.9	6.8
Weighted average lease term in years (until first break)	4.4	3.4	2.0	2.1	1.9	1.9	3.6	5.0	1.4	2.8	2.9
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**3.6**	**6.4**	**3.8**	**10.1**	**4.2**	**5.8**	**3.3**	**5.0**	**7.7**	**4.1**	**6.2**

The market rental value is the estimated amount for which a particular space can be let at a certain point in time by well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.

The theoretical annual rental value is the gross annual rental value exclusive of the effects of straight-lining lease incentives, increased by the annual market rental value of any vacant spaces.

The vacancy rate is calculated by dividing the estimated market rental value of the vacant spaces by the estimated market rental value of the total property portfolio.

The net yield is calculated by dividing the contractual gross rental income less the non-recoverable operating expenses by the market value of the property on all-in basis.

An increase in the net yields used in the appraised values of 25 basis points will result in a decrease of € 87.3 million or 5.7% (2016: € 84.0 million or 5.2%) in the value of the property in operation and an increase of approximately 226 basis points (2016: approximately 229 basis points) in the loan-to-value ratio.

A decrease in the market rents used in the appraised values of € 10 per sqm will result in a decrease of € 42.7 million or 2.8% (2016: € 47.6 million or 2.9%) in the value of the property portfolio and an increase of approximately 107 basis points (2016: 127 basis points) in the loan-to-value ratio.

PROPERTY IN OPERATION AND UNDER RENOVATION

As of 31 December 2017, 94% of the property in operation was appraised by independent certified appraisers. The independent certified appraisers who appraised the property are as follows: CBRE and Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris, Crédit Foncier Expertise in Paris.

PROPERTY IN OPERATION AND UNDER RENOVATION	2017			2016
	In operation	In operation	Under renovation	Total
Balance as of 1 January	1,611,725	1,644,828	-	1,644,828
Acquisitions	37,643	75,905	-	75,905
Capital expenditure	3,793	5,821	(232)	5,589
Taken into/out of operation	-	(9,645)	9,645	-
Transferred to Assets held for sale	(64,873)	-	-	-
Disposals	(128,623)	(91,228)	(8,250)	(99,478)
	1,459,665	**1,625,681**	**1,163**	**1,626,844**
Value movements	64,058	(13,956)	(1,163)	(15,119)
Balance as of 31 December	**1,523,723**	**1,611,725**	**-**	**1,611,725**
Accrued assets in respect of lease incentives	2,639	3,068	-	3,068
Appraisal value as of 31 December	**1,526,362**	**1,614,793**	**-**	**1,614,793**

The acquisitions in the Netherlands in 2017 involved core city assets in Amsterdam and Utrecht for € 11.4 million (2016: € 21.4 million). In France, core city assets were acquired in Paris for € 19.8 million (2016: € 27.9 million). In Belgium, a core city asset was acquired in Antwerp for € 6.4 million (2016: nil). No property was acquired in Spain in 2017 (2016: € 26.6 million).
The core city asset in Antwerp was acquired by way of the takeover of the shares of a company. Please see 29 SUBSIDIARIES for more details on this purchase.

The capital expenditure in 2017 involved improvements to a number of properties throughout the various countries.

The disposals in 2017 involved core city assets in the Netherlands for a sum of € 3.3 million (2016: € 12.4 million) and mixed retail locations in the Netherlands and Belgium for a sum of € 23.8 million (2016: € 82.5 million). This brought the total disposals to € 27.1 million (see 6 NET RESULT ON DISPOSAL OF PROPERTY).
A negative sales result of € 1.9 million compared to the most recent book value was realised on these disposals (2016: € 4.6 million negative).
The Turkish property portfolio was also disposed of in 2017. The net proceeds totalled € 95.8 million. The positive result on this sale of € 5.7 million has been included in the 'Result after taxes from discontinued operations'.

Thanks to strong value increases in the core city assets, the value movements in the Netherlands in 2017 amounted to € 8.2 million positive. In France and Spain, where the property portfolios consist almost entirely of core city assets, the value movements amounted to € 31.2 million and € 4.0 million positive, respectively. In Belgium, the positive value movements in the amount of € 20.7 million are also due to the positive valuation results of the 'baanwinkels'.

ACCRUED ASSETS IN RESPECT OF LEASE INCENTIVES	2017	2016
Balance as of 1 January	3,068	3,072
Lease incentives granted	2,082	2,037
Charged to the profit and loss account	(1,812)	(2,011)
Transferred to Assets held for sale	(329)	-
Disposals	(370)	-
Other	-	(30)
Balance as of 31 December	**2,639**	**3,068**

Property with a value of € 0.8 million (2016: € 0.9 million) serves as security for loans contracted (also see 21 LONG-TERM INTEREST-BEARING LOANS).

For further details on the property in operation, please see the 3 SEGMENTED INFORMATION and the PROPERTY PORTFOLIO overview included in the annual report.

15 Deferred tax assets and liabilities

	1 January 2017								31 December 2017	
	Assets	Liabilities	Movement in profit and loss account (continuing operations)	Movement in profit and loss account (discontinued operations)	To assets/ liabilities	Reclassification	Disposal of subsidiaries	Other	Assets	Liabilities
Valuation differences in property	–	19,598	2,861	–	–	–	(9,934)	287	–	12,812
Offsettable losses	275	–	(106)	–	–	–	–	–	–	(381)
	275	**19,598**	**2,755**	**–**	**–**	**–**	**(9,934)**	**287**	**–**	**12,431**

	1 January 2016								31 December 2016	
	Assets	Liabilities	Movement in profit and loss account (continuing operations)	Movement in profit and loss account (discontinued operations)	To assets/ liabilities	Reclassification	Disposal of subsidiaries	Other	Assets	Liabilities
Valuation differences in property	–	24,851	230	(4,462)	(682)	275	(614)	–	–	19,598
Offsettable losses	–	(265)	(2)	–	267	(275)	–	–	275	–
	–	**24,586**	**228**	**(4,462)**	**(415)**	**–**	**(614)**	**–**	**275**	**19,598**

The deferred tax assets and liabilities as of 31 December 2017 concern the Netherlands, Spain, and Belgium.

The offsettable losses relate to the Netherlands and Spain. The offsettable losses in Spain can be carried forward indefinitely. The offsettable losses in the Netherlands can be set off with taxable profits up to the end of 2024.

The deferred tax liabilities are related to the difference between the balance sheet value and the fiscal book value of the property.

As of the balance sheet date, additional unused tax losses totalled € 9.1 million (2016: € 10.1 million). In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset was recognised.
The tax losses can be carried forward in time indefinitely.

16 Assets held for sale

	2017	2016
Balance as of 1 January	-	-
Transferred from Property in operation	64,873	-
Transferred from Accrued assets in respect of lease incentives	329	-
Balance as of 31 December	**65,202**	**-**

Assets held for sale include 6 properties in the Netherlands and 2 properties in France which will be sold, in accordance with a decision taken by the Executive Board at the end of 2017. One property in France was sold at book value in January 2018 (for details, see 27 EVENTS AFTER THE BALANCE SHEET DATE). It is expected that the remaining properties will be sold in 2018. The appraisal value as of 31 December 2017 amounts to € 66.1 million.

For further details on the Assets held for sale, please see the PROPERTY PORTFOLIO overview included in the annual report.

17 Debtors and other receivables

	2017	2016
Debtors	2,139	2,884
Provision for doubtful debtors	(1,613)	(2,657)
	526	**227**
Indirect taxes	576	821
Receivable from disposals	-	2,157
Interest	-	4
Service costs	125	213
Prepayments	185	1,735
Other receivables	1,482	517
	2,894	**5,674**

The other receivables include items with a term in excess of one year with a total value of € 0.1 million (2016: € 0.1 million).

18 Cash and cash equivalents

Cash and cash equivalents concern bank account credit balances with a term of less than three months. The cash and cash equivalents are freely available to the Company.

19 Shareholders' equity

The authorised share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.

The Vastned Retail shareholders' equity was € 46.12 per share as of 31 December 2017 (31 December 2016: € 42.26 per share).

The shareholders are entitled to receive the dividend declared by the Company and are entitled to cast one vote per share at the shareholders' meetings. In the event of a share buyback by Vastned in which the shares are not cancelled, these rights are suspended until such time as the shares are reissued.

NUMBER OF SHARES IN ISSUE

	Outstanding shares	Treasury shares	Total
Balance as of 1 January 2016	19,036,646	-	19,036,646
movements in 2016	-	-	-
Balance as of 31 December 2016	**19,036,646**	**-**	**19,036,646**
buyback of shares	(849,846)	849,846	-
Balance as of 31 December 2017	**18,186,800**	**849,846**	**19,036,646**

BUYBACK OF SHARES

On 11 April 2017, the Company made an offer for the buyback of shares valued at maximum € 50.0 million. In connection with this, 849,846 shares were bought back at a price of € 35.19 per share on 19 May 2017. This involved a total sum, including costs, of € 30.1 million. The shares bought back will not be cancelled but held as treasury shares.

20 Provisions in respect of employee benefits

Vastned has a pension plan in place for its employees in the Netherlands that qualifies as a defined benefit pension plan. The pension plan is fully re-insured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. The pension plan is a conditionally indexed career-average scheme. An unconditional indexation of a maximum of 2% per year applies to a small group of employees.
The pension schemes for the employees in other countries where Vastned has branches can be qualified as defined contribution pension schemes.

Mercer (Nederland) B.V. has made the following assumptions for the actuarial developments concerning the defined benefit pension plans:

	31-12-2017	31-12-2016
Discount rate	2.20%	2.00%
Expected rate of future salary increases		
(dependent on age and including inflation correction)	1.00% - 5.00%	1.00% - 5.00%
Future pension increases	0.00% - 1.80%	0.00% - 1.80%

Movements in the present value of the defined pension obligations were as follows:

	Present value of defined benefit obligations		Fair value of plan assets		Net obligation in respect of employee benefits	
	2017	2016	2017	2016	2017	2016
Balance as of 1 January	25,064	22,984	19,132	17,003	5,932	5,981
Reported in the profit and loss account						
Service cost	510	497	-	-	510	497
Past service cost	16	-	-	-	16	-
Interest	497	592	383	441	114	151
Administrative costs	-	-	(40)	(43)	40	43
Total reported in the profit and loss account	**1,023**	**1,089**	**343**	**398**	**680**	**691**
Reported in other comprehensive income						
Effect of adjustment to demographic assumptions	3	(79)	-	-	3	(79)
Effect of adjustment to discount rate	(1,099)	2,507	-	-	(1,099)	2,507
Effect of experience adjustments	(271)	(1,078)	-	-	(271)	(1,078)
Effect of changes in financial assumptions	-	-	(552)	1,669	552	(1,669)
Total reported in other comprehensive income	**(1,367)**	**1,350**	**(552)**	**1,669**	**(815)**	**(319)**
Contributions and benefits paid						
Contributions paid by the employer	-	-	382	421	(382)	(421)
Contributions paid by the employees	46	45	46	45	-	-
Benefits paid	(407)	(404)	(407)	(404)	-	-
Total contributions and benefits paid	**(361)**	**(359)**	**21**	**62**	**(382)**	**(421)**
Balance as of 31 December	**24,359**	**25,064**	**18,944**	**19,132**	**5,415**	**5,932**
Long-term employee benefits					62	77
Total					**5,477**	**6,009**

The amounts recognised in the profit and loss account in respect of the defined benefit pension plans and the defined contribution pension plans are as follows:

	2017	2016
Service cost	510	497
Past service cost	16	-
Net interest	114	151
Administration expenses	40	43
	680	**691**
Defined contribution pension plans	118	133
	798	**824**

Vastned expects to contribute a total of € 0.4 million to its defined benefit pension schemes in 2018. Vastned expects to contribute a total of € 0.1 million to its defined contribution pension schemes in 2018.

SENSITIVITY ANALYSIS

The table below contains the sensitivity analysis for the effect of a 25-basis-point change in the discount rate:

	Minus 25 basis points	Discount rate used	Plus 25 basis points
	1.95%	2.20%	2.45%
Present value of defined benefit pension obligations	25,744	24,359	23,073
Service cost	458	422	389

Because of the lack of materiality, it was decided not to provide sensitivity analyses of changes in future salary increases (dependent on age and including inflation correction) and future pension increases.

21 Long-term interest-bearing loans

Movements in the long-term interest-bearing loans were as follows:

	2017		2016	
Balance as of 1 January		601,610		652,513
Short-term portion as of 1 January		57,518		25,017
Remaining principal as of 1 January		**659,128**		**677,530**
Cash entries:				
Drawn down on new long-term credit facilities	95,067		-	
Drawn down/(repaid) on existing long-term credit facilities	(30,000)		4,674	
Repayments	(117,518)		(25,017)	
	(52,451)		**(20,343)**	
Non-cash entries:				
Application of effective interest method	1,950		1,941	
		(50,501)		**(18,402)**
Remaining principal 31 December		**608,627**		**659,128**
Short-term portion at year-end		(18)		(57,518)
Balance as of 31 December		**608,609**		**601,610**

As of 31 December, the interest-bearing loans consist of:

	2017				2016			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
• fixed interest rate 1)	74	68	142	1.50	73	87	160	1.50
• floating interest rate	–	–	–	–	–	–	–	–
	74	**68**	**142**	**1.50**	**73**	**87**	**160**	**1.50**
Unsecured loans:								
• fixed interest rate 1)	225,448	259,457	484,905	2.75	254,355	209,393	463,748	2.87
• floating interest rate	15,625	107,937	123,562	1.37	–	137,702	137,702	1.50
	241,073	**367,394**	**608,467**	**2.47**	**254,355**	**347,095**	**601,450**	**2.56**
Total								
• fixed interest rate 1)	225,522	259,525	485,047	2.75	254,428	209,480	463,908	2.87
• floating interest rate	15,625	107,937	123,562	1.37	–	137,702	137,702	1.50
	241,147	**367,462**	**608,609**	**2.47**	**254,428**	**347,182**	**601,610**	**2.56**

1) Including the part that was fixed by means of interest rate derivatives.

In 2017 Vastned exercised an extension option for its syndicated credit facility of € 375.0 million; consequently the term was extended by one year to February 2023.
In Belgium, the existing credit facilities at ING Bank, BNP-Paribas, KBC and Belfius were refinanced in 2017. As a result of this refinancing, the terms of the credit facilities were extended to 2022, 2023 and 2024 and the average interest rate decreased.

For the loans with a floating interest rate, Vastned pays interest consisting of the market interest rate based on Euribor plus an agreed margin, whereby it has been agreed that the Euribor market interest rate may not be negative.

The right of mortgage on property with a value of € 0.8 million (31 December 2016: € 0.9 million) has been granted as security for the secured loans.
A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned satisfied these conditions as of 31 December 2017. Please see 24 FINANCIAL INSTRUMENTS for more details on the conditions set by the lenders.

The part of the long-term interest-bearing loans due within one year amounts to nil (31 December 2016: € 57.5 million which is recognised under short-term liabilities).

As of 31 December 2017, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 758.0 million (31 December 2016: € 759.1 million).
The unused credit facility of the long-term interest-bearing loans as of 31 December 2017 was € 149.4 million (31 December 2016: € 100.0 million).

The convertible bond loan below is included in the Long-term interest-bearing loans:

Year of issue	Term	Nominal value	Interest rate 1)	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 42.67	2,577,924

1) Fixed interest.

	2017	2016
Balance as of 1 January	107,164	105,912
Application of effective interest method	1,249	1,252
Balance as at 31 December	**108,413**	**107,164**

The bonds are 'senior', 'unsecured' and convertible into ordinary Vastned shares, subject to Vastned's discretion in opting for a payment in cash instead of in partial or full delivery in shares. The conversion price was initially € 46.19 and was adjusted to € 42.67 after the payment of dividend in the years 2014 to 2017, inclusive. Since 8 May 2017, Vastned has the option of redeeming all outstanding bonds by paying the principal plus the interest incurred, in cash, if the volume-weighted average price of the share is more than 130% of the conversion price for a certain period of time, or at any moment that the principal of the bonds outstanding at that moment is less than 15% of the issued bonds.

The convertible bonds are listed on the Frankfurt Stock Exchange.

Since there is no active trade in these bonds, the fair value of the bond loan is determined in accordance with level 2.

The average term of the long-term interest-bearing loans was 4.3 years (31 December 2016: 4.4).

The average interest rate in 2017 was 2.77% (2016: 2.73%).

22 Payable to banks

	2017	2016
Credit facility	54,509	76,903
drawn down as of 1 January	14,654	7,953
on balance drawn down/(repaid) in cash in the financial year	(7,427)	6,701
Drawn down as of 31 December	**7,227**	**14,654**
Unused credit facility as of 31 December	**47,282**	**62,249**

The item 'Payable to banks' concerns short-term credits and cash loans.
By way of security for the credit facilities, it has been agreed with the lenders that, subject to an agreed threshold, property will only be mortgaged to third parties subject to the lender's approval.

The amounts payable to banks are payable at the lenders' request within one year.

Vastned pays the lenders interest consisting of the market interest rate based on Euribor plus an agreed margin, whereby it has been agreed that the Euribor market interest rate may not be negative.

The average interest rate in 2017 was 1.38% (2016: 1.20%).

Where the Company operates a notional cash pooling arrangement, the cash and amounts payable to banks are set off against each other.

23 Other liabilities and accruals

	2017	2016
Accounts payable	1,218	2,533
Investment creditors	862	1,081
Dividend	24	24
Indirect taxes	1,560	1,323
Prepaid rent	6,008	6,769
Interest	2,962	3,436
Operating expenses	2,106	2,132
Payable in respect of acquisitions	3,918	142
Other liabilities and accruals	4,396	4,294
	23,054	**21,734**

24 Financial instruments

A MANAGEMENT OF FINANCIAL RISKS

For the realisation of its targets and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions aimed at mitigating the credit risk, financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the Audit and Compliance Committee and the Supervisory Board.

A summary is given below of the main conditions aimed at mitigating these risks.

Credit risk

Vastned's principal financial assets consist of cash and cash equivalents, debtors and other receivables, and receivables related to financial derivatives entered into.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks with at least an investment grade rating.

The credit risk associated with the financial derivatives entered into is limited by only concluding transactions with reputable financial institutions with at least an investment grade rating.

The credit risk attributable to the debtors is limited by carefully screening potential tenants in advance. Security is also required from tenants in the form of guarantee deposits or bank guarantees and rents are paid in advance.

The analysis of the age of the debtors as of 31 December was as follows:

	2017		2016	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	199	-	505	352
Overdue by between 31 and 90 days	68	6	75	1
Overdue by between 91 days and one year	87	105	689	689
Overdue by more than one year	1,785	1,502	1,615	1,615
	2,139	**1,613**	**2,884**	**2,657**

Movements in the provision for doubtful debtors were as follows:

	2017	2016
Balance as of 1 January	2,657	2,644
Allocation to the provision	121	853
Write-off for doubtful debtors	(315)	(513)
Release	(850)	(327)
Balance as of 31 December	**1,613**	**2,657**

Receivables are recognised after deduction of a provision for doubtful debtors.

There is no credit risk concentration since the tenant base consists of a large number of different parties.

Financing and refinancing risks

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital. If loan capital accounts for a large proportion of the financing, there is a risk when returns are less than expected or the property decreases in value that the interest and repayment obligations on the loans and other payment obligations can no longer be met. This would make loan capital or refinancing more difficult to arrange, with a possibility that more unfavourable conditions may have to be agreed to. To limit this risk, Vastned's starting point is to limit loan capital financing of the property portfolio to approximately 35%-45% (2016: 40%-45%) of the market value of the property. At the end of 2017, this ratio was 38.8% (end of 2016: 41.8%). In line with these targets, solvency ratios and interest coverage ratios have been agreed in virtually all of the credit agreements with lenders.
In addition, Vastned aims to secure access to the capital market through transparent information provision, regular contacts with financiers and current and potential shareholders, and by increasing the liquidity of Vastned shares. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average term of at least 3.0 years.

At year-end 2017, the weighted average term of the long-term interest-bearing loans was 4.3 years (31 December 2016: 4.4 years).

The solvency ratio is calculated by taking equity plus the provision for deferred tax liabilities and dividing by the balance sheet total. At year-end 2017, the solvency ratio was 59.2% (31 December 2016: 56.1%), which is in compliance with the solvency ratios of at least 45% agreed with lenders.

The interest coverage ratio is calculated by taking net rental income and dividing by net financing costs (excluding value movements in financial derivatives). The interest coverage ratio for 2017 was 3.9 (2016: 4.0), which was well above the ratio of 2.0 agreed with lenders.

Liquidity risk

Vastned must generate sufficient cash flows in order to be able to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at high occupancy rates and by preventing financial loss due to tenants becoming bankrupt. On the other hand, the aim is to arrange sufficient credit facilities to be able to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands, where most of the foreign subsidiaries' bank accounts have been placed in cash pooling schemes.

At year-end 2017, Vastned had € 54.5 million (31 December 2016: € 76.9 million) in short-term credit facilities available, of which it had drawn down € 7.2 million (31 December 2016: € 14.7 million). The unused credit facility of the long-term interest-bearing loans as of 31 December 2017 was € 149.4 million (31 December 2016: € 100.0 million). The total unused credit facility as of 31 December 2017 was € 196.7 million, therefore (31 December 2016: € 162.2 million).

The table below shows the financial equity and liabilities, including the estimated interest benefit paid 1):

2017	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans	608,609	656,998	12,237	270,997	373,764
Financial derivatives (long-term liabilities)	3,558	11,322	1,920	7,567	1,835
Payable to banks 2)	7,227	7,191	7,191	-	-
Redemption of long-term interest-bearing loans 2)	18	18	18	-	-
Financial derivatives (short-term liabilities)	-	-	-	-	-
Other liabilities and accruals	23,054	23,054	23,054	-	-
	642,466	698,583	44,420	278,564	375,599

1) The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the market rates of Euribor in effect on 1 January 2018 or 1 January 2017.
2) Including interest up to the next due date or interest review date.

2016	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans	601,610	663,709	13,652	295,045	355,012
Financial derivatives (long-term liabilities)	6,145	7,348	2,594	4,754	-
Payable to banks 2)	14,654	15,054	15,054	-	-
Redemption of long-term interest-bearing loans 2)	57,518	59,160	59,160	-	-
Financial derivatives (short-term liabilities)	106	108	108	-	-
Other liabilities and accruals	21,734	21,734	21,734	-	-
	701,767	767,113	112,302	299,799	355,012

2) Including interest up to the next due date or interest review date.

Interest rate risk

The interest rate risk policy aims to mitigate the interest rate risks arising from the financing of the property portfolio while optimising net interest expenses paid. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle, depending on developments in interest rates. Beyond this, the aim is to have a balanced spread of interest rate review dates within the long-term loan capital portfolio and a typical minimum interest rate term of three years. At least once per quarter, a report on the interest rate and financing and refinancing risks is submitted to the Audit and Compliance Committee and the Supervisory Board.

Vastned mitigates its interest rate risk on the one hand by raising fixed-interest long-term loans, like the convertible bond loan, and on the other by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The Group does not apply any hedge accounting and recognises the value movements of all interest rate derivatives entered into by the Group in the profit and loss account.

At year-end 2017, the interest rate risk on loans with a nominal value of € 205.0 million (31 December 2016: € 225.0) was hedged by means of interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.485% to 1.094% (31 December 2016: 0.29% to 2.60%) (excluding margins) and expiry dates ranging from 29 July 2022 to 31 July 2024 (31 December 2016: 15 December 2017 to 22 September 2021).

The market value of the interest rate swaps amounted to negative € 3.6 million at year-end 2017 (31 December 2016: negative € 6.3 million). This negative market value, which on the expiry date will amount to nil, will be charged to the consolidated profit and loss account for the remaining term of these interest rate swaps, unless it is decided to settle these interest rate swaps before the expiry dates.

Taking into account the interest rate swaps mentioned above, of the total long-term interest-bearing loans in the amount of € 608.6 million (31 December 2016: € 601.6 million), € 480.0 million (31 December 2016: € 463.9 million) was at a fixed interest rate at year-end 2017 (see 24 B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS').

The interest rate swaps are settled on a quarterly basis. The floating interest rate is based on the 3-month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 4.1 years (31 December 2016: 3.5).

Interest rate sensitivity

As of 31 December 2017, the impact on the interest expense of a hypothetical 100-basis-point increase in interest rates - all other factors remaining equal - would be € 0.4 million negative (31 December 2016: € 0.5 million negative). Should interest rates decrease by 50 basis points as of this date (all other factors remaining equal), the impact on the interest expense would be € 0.7 million negative (31 December 2016: € 0.8 million negative). Because several loans contain a clause stipulating that the interest rate may not be negative, a 50-basis-point decrease in interest rates has a negative impact on the interest expense. The developments take into account the financial derivatives entered into.

Currency risk

Because of the sale of the entire Turkish property portfolio in April 2017, all of Vastned's investments are located in euro-zone countries. Consequently there is no currency risk.

B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS

	2017			2016		
	Contractual revision	Interest rate revision	Average interest rate 1)	Contractual revision	Interest rate revision	Average interest rate 1)
2017	-	-	-	-	10,000	2.46
2018	-	-	-	15,000	15,000	3.75
2019	133,412	133,412	2.79	142,164	147,164	2.77
2020	62,036	62,036	5.42	87,191	132,191	3.68
2021	-	-	-	10,000	85,000	2.24
2022	45,625	30,000	1.94	272,702	-	-
2023 et seq.	367,536	259,599	2.18	74,553	74,553	2.22
Total long-term interest-bearing loans with a fixed interest rate	**608,609**	**485,047**	**2.75**	**601,610**	**463,908**	**2.87**
Long-term interest-bearing loans with a floating interest rate	-	123,562	1.37	-	137,702	1.50
Total long-term interest-bearing loans	**608,609**	**608,609**	**2.47**	**601,610**	**601,610**	**2.56**

1) Including interest rate swaps and credit spreads in effect at year-end 2017 and 2016.

C OVERVIEW OF FAIR VALUE INTEREST RATE DERIVATIVES

	2017		2016	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**3,558**	**-**	**6,251**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2017		2016	
	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	-	-	(106)	10,000
Interest rate swaps 1-2 years	-	-	(2,170)	45,000
Interest rate swaps 2-5 years	(792)	30,000	(3,975)	170,000
Interest rate swaps > 5 years	(2,766)	175,000	-	-
	(3,558)	**205,000**	**(6,251)**	**225,000**

For the purposes of the valuation method, the interest rate derivatives are classed under 'level 2'. The fair value of the derivatives is determined with reference to information from reputable financial institutions, which information is also based on direct and indirect observable market data. For verification purposes, this information is compared to internal calculations made by discounting cash flows based on the market interest rate for comparable financial derivatives on the balance sheet date. When determining the fair value of financial derivatives, the credit risk of the Group or counterparty is taken into account.

25 Rights and obligations not recorded on the balance sheet

In the past, companies that owned property were acquired. These acquisitions were recognised as the takeover of assets. The provisions for deferred tax liabilities not recognised on the balance sheet totalled € 14.8 million (2016: € 13.8 million).

In 2016 a Vastned subsidiary, Vastned Projecten, sold the company Vastned Lusitania Investimentos Imobiliários, S.A. (Lusitania), owner of the property located in Portugal, to Prowinko Portugal, S.A. The buyer was given not only the guarantees customary for such transactions, but also indemnities for particular amounts Lusitania had not paid to the owners' associations and a few tax positions. As parent company, Vastned Retail stood as guarantor to the buyer's parent companies for the payment obligations of Vastned Projecten under this purchase agreement. The customary guarantees expire on 2 June 2019. The tax indemnities expire upon expiration of the statutory terms for additional tax assessments for the particular year. The longest running term still outstanding is the 2016 calendar year; this last term expires on 31 December 2020. Vastned expects that any impact will be insignificant.

In April 2017, Vastned transferred all the shares in the company Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., owner of the property located in Istanbul, Turkey, to a group of local private investors. The buyer was given the guarantees customary for such transactions. The customary guarantees expire on 10 April 2018. The tax guarantees expire upon expiration of the statutory terms for additional tax assessments for the particular year. The longest running term still outstanding is the 2017 calendar year; this last term expires on 31 December 2022. Vastned expects that any impact will be insignificant.

In 2014, Vastned sold the company Hispania Retail Properties S.L., owner of the seven shopping centres/ galleries and a retail park in Spain, to Orange Parent B.V., the company of a consortium consisting of The Baupost LLC, GreenOak Real Estate and Grupo Lar. Besides the usual balance sheet guarantees, this consortium was also given a guarantee concerning a tax-offsettable loss existing as of 2012 which had been made up of several years. The balance-sheet guarantee expired in 2015, the guarantee concerning the guaranteed tax-offsettable loss expired as of 25 July 2017. The buyers did not invoke the guarantees.

26 Operating leases

Vastned lets its property in the form of operating leases.

Based on the current contract rent, the future minimum income from non-cancellable operating leases is as follows:

	2017	2016
Within one year	69,448	80,141
One to five years	116,084	139,715
More than five years	20,571	27,911
	206,103	**247,767**

In the Netherlands, the leases are usually concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rental value adjustments are based on the cost-of-living index.

In France, leases are normally concluded for a period of at least nine years, the tenant having the option of terminating or renewing the lease every three years. Depending on the contract, the annual rental value adjustments take place based on the cost-of-construction index (ICC) or on a combination of the cost-of-construction index, the cost-of-living index and retail prices (ILC).

In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rental value adjustments are based on the cost-of-living index.

In Spain, the leases are usually concluded for a minimum period of five years. Annual rental value adjustments are based on the cost-of-living index.

27 Events after the balance sheet date

In January 2018, Vastned announced its intention to make a voluntary and conditional public takeover bid on all shares of Vastned Retail Belgium NV not yet in its possession for € 57.50 per share in cash. If the bid succeeds, the status of public regulated real estate company (OGVV) will be abandoned and the status of specialised real estate investment fund (FIIS) will be adopted and the stock exchange listing will be discontinued. The bid involves a sum of approximately € 102 million, including costs.

In January 2018, the property at Rue Saint-Jean 44-45 in Nancy was sold at book value. The net sales proceeds amounted to € 34.2 million.

28 Related parties transactions

The following are designated as related parties: controlling shareholders, subsidiaries, Supervisory Board members and members of the Board of Management.

To the Company's knowledge, no property transactions were effected during the year under review involving persons or institutions that might be regarded as related parties.

INTERESTS OF MAJOR INVESTORS

As of year-end 2017, the Netherlands Authority for the Financial Markets (AFM) had received the following reports of shareholders with an interest in the Company's share capital exceeding three percent:

A. van Herk	15.41%
M. Ohayon	7.14%
Commonwealth Bank of Australia	5.79%
JP Morgan Asset Management Holdings Inc.	4.99%
BlackRock, Inc.	4.89%
FMR LLC	4.81%
Société Fédérale de Participations et d'Investissements (SFPI)	3.02%

SUBSIDIARIES

Please see 29 SUBSIDIARIES and the chapter 'Corporate Governance' in the Report of the Executive Board for an overview of the subsidiaries and participating interests.

Transactions as well as internal balances and income and expenditure between the Company and its subsidiaries are eliminated in the consolidation and are not disclosed in the notes.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE EXECUTIVE BOARD

During the 2017 financial year, none of the members of Vastned's Supervisory Board or Executive Board had a personal interest in the Company's investments.

REMUNERATION AND SHAREHOLDING OF THE SUPERVISORY BOARD

	Remuneration 2017	Shares held year-end 2017	Remuneration 2016	Shares held year-end 2016
M.C. van Gelder	53	7,100	43	3,100
M. Bax	43	-	34	-
J.B.J.M. Hunfeld	41	1,400	34	1,400
C.M. Insinger	44	-	34	-
W.J. Kolff (until 20 April 2016)	-	-	12	-
	181	**8,500**	**157**	**4,500**

REMUNERATION AND SHAREHOLDING OF THE EXECUTIVE BOARD

2017	Salary (including social security charges)	Bonus for 2017, payable in 2018	Pension costs	Total	Shares held year-end 2017
T.T.J. de Groot	450	258	81	789	66,851
R. Walta	297	169	54	520	1,000
	747	**427**	**135**	**1,309**	**67,851**

2016	Salary (including social security charges)	Bonus for 2016, payable in 2017	Pension costs	Total	Shares held year-end 2016
T.T.J. de Groot	450	119	81	650	54,051
R. Walta	276	72	49	397	1,000
	726	**191**	**130**	**1,047**	**55,051**

Taco de Groot achieved 73.3% of his Short-Term Incentives Targets in 2017, for which he was granted a bonus of € 129 thousand, which will be paid in 2018. Taco de Groot will also be paid a bonus of € 129 thousand in 2018 in the context of the Long-Term Incentives Targets for the 2015-2017 period, which he achieved to an extent of 49%.

Reinier Walta achieved 73.3% of his Short-Term Incentives Targets in 2017, for which he was granted a bonus of € 84 thousand, which will be paid in 2018. Reinier Walta will also be paid a bonus of € 85 thousand in 2018 in the context of the Long-Term Incentives Targets for the 2015-2017 period, which he achieved to an extent of 49%.

Both Taco de Groot and Reinier Walta acquired their Vastned shares at their own expense.
Vastned has not provided any guarantees with regard to these shares.

No option rights have been granted to the Executive Board or Supervisory Board members.
Nor have any loans or advances been made to them or guarantees provided on their behalf.

The members of the Executive Board and Supervisory Board are designated as managers in key positions.

For further details of the remuneration, see the chapter 'Remuneration report 2017' included elsewhere in this annual report.

29 Subsidiaries

The subsidiaries are:

	Country of establishment	Interest and voting rights as %
Vastned Retail Nederland B.V.	The Netherlands	100
Vastned Retail Nederland Projectontwikkeling B.V.	The Netherlands	100
- Rocking Plaza B.V.	The Netherlands	100
- MH Real Estate B.V.	The Netherlands	100
Vastned Retail Monumenten B.V.	The Netherlands	100
Vastned Management B.V.	The Netherlands	100
Vastned Projecten B.V.	The Netherlands	100
Vastned France Holding S.A.R.L.	France	100
- Jeancy S.A.R.L.	France	100
- Lenepveu S.A.R.L.	France	100
- S.C.I. 21 rue des Archives	France	100
- S.C.I. Limoges Corgnac	France	100
- Palocaux S.A.R.L.	France	100
- Parivolis S.A.R.L.	France	100
- Plaisimmo S.A.R.L.	France	100
Vastned Management France S.A.R.L.	France	100
Vastned Retail Belgium NV	Belgium	65
- EuroInvest Retail Properties NV	Belgium	65
- RR Developments NV	Belgium	65
Korte Gasthuisstraat 17 NV	Belgium	100
Compagnie Financière du Benelux (Belgique) NV	Belgium	100
Vastned Retail Spain S.L.	Spain	100
- Vastned Retail Spain 2 S.L.	Spain	100

Scope of consolidation
The most important changes to the scope of the consolidation concerned:

- On 3 July 2017, Vastned Retail Belgium NV, of which the Company holds 65% of the shares, acquired all the shares in RR Developments NV. RR Developments NV owns the property located at Steenhouwersvest 44-46-48 in Antwerp. The acquisition of RR Developments NV was recognised as a takeover of assets. RR Developments NV has been included in the consolidation from the date of acquisition. The purchase price was € 6.3 million.
- On 10 April 2017, the Company sold its subsidiary Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., owner of the property located in Istanbul, Turkey. The net sales proceeds amounted to € 96.3 million. Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş. has been excluded from the consolidation since the date of sale.

The non-controlling interest included on the balance sheet as of 31 December 2017 concerns the share of non-controlling shareholders in the Belgium-based subsidiary Vastned Retail Belgium NV and its subsidiaries EuroInvest Retail Properties NV and RR Developments NV.

The summarised financial data of this subsidiary as of 31 December 2017 are as follows:

	2017		2016	
	100%	Non-controlling interests	100%	Non-controlling interests
Balance sheet				
Property	378,195	130,513	350,287	120,882
Other assets	1,822	629	2,542	877
	380,017	**131,142**	**352,829**	**121,759**
Equity	274,508	94,730	252,281	87,060
Long-term liabilities	97,817	33,756	63,332	21,856
Short-term liabilities	7,692	2,655	37,216	12,843
	380,017	**131,141**	**352,829**	**121,759**
Profit and loss account				
Net rental income	18,226	6,290	17,683	6,102
Value movements in property	21,467	7,408	7,178	2,477
Net financing costs	(2,596)	(896)	(2,059)	(710)
General expenses	(2,009)	(693)	(2,174)	(750)
Income tax	(419)	(145)	(95)	(33)
Comprehensive income	**34,669**	**11,964**	**20,533**	**7,086**
Cash flow statement				
Cash flow from operating activities	12,727	4,392	12,679	4,375
Cash flow from investing activities	(3,766)	(1,300)	2,718	938
Cash flow from financing activities	(8,914)	(3,076)	(15,349)	(5,297)
Total cash flow	**47**	**16**	**48**	**16**

A sum of € 4.3 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium NV in 2017 (2016: € 4.4 million).

30 Accounting estimates and judgements

In consultation with the Audit and Compliance Committee, the Executive Board has applied the following essential estimates and judgements that have a material effect on the amounts included in the financial statements.

KEY SOURCES OF ESTIMATE UNCERTAINTIES

Assumptions concerning pending legal proceedings

As of 31 December 2017, there were no legal proceedings whose final outcome the Executive Board expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the result. If the outcome of these legal proceedings should differ from what the Executive Board estimates, this might have a negative impact on the result.

CRITICAL ASSUMPTIONS IN APPLYING THE BUSINESS'S ACCOUNTING POLICIES

Assumptions concerning property in operation

As described in 2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING, all property in operation is valued at least once a year by independent certified appraisers. These appraisals are based on assumptions including the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a certain degree of uncertainty. The actual outcome may therefore differ from the assumptions, and this can have a positive or negative effect on the value of the property in operation and, as a consequence, on the result.

31 Approval of the consolidated financial statements

The consolidated financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 14 February 2018.

Company balance sheet as of 31 december (before profit appropriation)

(X € 1,000)

ASSETS	Notes	2017	2016
Property in operation	3	8,286	8,260
Participations in group companies	4	1,287,564	1,089,942
Total fixed assets		**1,295,850**	**1,098,202**
Receivables from group companies	5	159,902	331,703
Debtors and other receivables		917	2,385
Income tax		-	56
Cash and cash equivalents		54	-
Total current assets		**160,873**	**334,144**
Total assets		**1,456,723**	**1,432,346**

EQUITY AND LIABILITIES	Notes	2017	2016
Paid-up and called-up capital	6	95,183	95,183
Share premium reserve	6	472,640	472,640
Hedging reserve in respect of financial derivatives	6	383	499
Translation reserve	6	-	(5,728)
Revaluation reserve	6	466,713	406,087
Other reserves	6	(290,879)	(190,675)
Result attributable to Vastned Retail shareholders	6	94,645	26,431
Equity Vastned Retail shareholders		**838,685**	**804,437**
Long-term interest-bearing loans	7	513,170	541,529
Financial derivatives	8	1,678	2,991
Guarantee deposits		111	56
Total long-term liabilities		**514,959**	**544,576**
Payable to banks	9	1,120	2,930
Redemption of long-term liabilities	7	-	37,500
Payable to group companies	10	98,413	36,276
Income tax		-	148
Other liabilities and accruals		3,546	6,479
Total short-term liabilities		**103,079**	**83,333**
Total equity and liabilities		**1,456,723**	**1,432,346**

Company profit and loss account

(X € 1,000)

NET TURNOVER	Notes	2017	2016
Net rental income	11	1,170	333
General management expenses	11	(2,026)	(2,320)
Net turnover result		**(856)**	**(1,987)**
Other income from participations in group companies	11	1,535	1,674
Net result on disposals	11	5,729	-
Value movements in property in operation	11	(17)	(110)
Total other operating income		**7,247**	**1,564**
Other interest income and similar income	11	4,576	6,859
Interest charges and similar expenses	11	(19,893)	(25,766)
Total interest income and expenditure		**(15,317)**	**(18,907)**
Result before taxes		**(8,926)**	**(19,330)**
Current income tax expense		148	159
Share in result from participations in group companies	4	103,423	45,602
Result after taxes		**94,645**	**26,431**

Notes to the company financial statements

1 GENERAL INFORMATION

The company financial statements are part of the 2017 financial statements, which also include the consolidated financial statements.
The Company has availed itself of the provisions of Article 379 (5) of Book 2 of the Netherlands Civil Code. The list as referred to in this article has been filed with the offices of the trade register in Rotterdam.

2 PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. In the preparation of the company financial statements, the provisions of Article 362 (8) of Book 2 of the Netherlands Civil Code have been used. The valuation principles for assets and liabilities and the method of determining the result are identical to those used in the consolidated financial statements. Reference is therefore made to the notes to those statements. The participations in group companies have been stated at net asset value.

New or amended standards and interpretations which will be in effect for financial years starting on or after 1 January 2018 and later which are not yet applied by the Company.

Impairment
Under IFRS 9, the recognition and determination of impairments will have to take place in a more future-focused manner on the basis of an expected credit loss model (ECL) instead of the incurred loss model used to date. The ECL model applies to financial assets valued at amortised cost or at fair value through other comprehensive income. Two practical applications - the simplified approach and the low credit risk exemption - may be used to determine the ECL. The simplified approach will be applied to the receivables from group companies. Analysis has indicated that implementing the new standard will have no impact on the equity as of 1 January 2018 and the Company's future financial results.

3 PROPERTY IN OPERATION

	2017	2016
Balance as of 1 January	8,260	8,370
Value movements	(17)	(110)
Balance as of 31 December	**8,243**	**8,260**
Accrued assets in respect of lease incentives	43	-
Appraisal value as of 31 December	**8,286**	**8,260**

The property in operation includes a property held for sale which is valued at € 3.2 million.

4 PARTICIPATIONS IN GROUP COMPANIES

	2017	2016
Balance as of 1 January	1,089,942	1,411,162
Acquisitions and capital contributions	159,129	-
Share in result	103,423	45,602
Direct changes in equity	815	319
Distributions received	(17,419)	(367,141)
Sale of participations in group companies	(48,326)	-
Balance as of 31 December	**1,287,564**	**1,089,942**

As of 31 December 2017, Vastned - together with its subsidiaries - held 3,325,960 Vastned Retail Belgium shares (31 December 2016: 3,325,960 shares). The net asset value per share on 31 December 2017 was € 54.05 (31 December 2016: € 49.68 per share).

The share price of Vastned Retail Belgium shares on 31 December 2017 was € 45.00 (31 December 2016: € 53.85 per share).

See 29 SUBSIDIARIES in the consolidated financial statements for more details on the participations in group companies.

5 RECEIVABLES FROM GROUP COMPANIES

	2017	2016
Balance as of 1 January	331,703	266,966
Provided to group companies	12,569	75,961
Repaid by group companies	(142,825)	-
Disposals	(41,545)	(3,600)
Exchange rate differences	-	(7,624)
Balance as of 31 December	**159,902**	**331,703**

The receivables from group companies consist of € 111.6 million in loans provided with interest rates ranging from 2.984% to 3.730% and expiring in the years 2020 to 2026 and € 48.3 million in current account relationships at a floating interest rate and without fixed repayment date.

6 EQUITY

	Paid-up and called-up capital	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Result attributable to shareholders Vastned Retail	Equity share shareholders Vastned Retail
Balance as of 1 January 2016	95,183	472,640	616	(5,728)	397,973	(209,515)	65,471	816,640
Result	-	-	-	-	-	-	26,431	26,431
Remeasurement of defined benefit obligations	-	-	-	-	-	319	-	319
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	(117)	-	-	-	-	(117)
Final dividend for previous financial year in cash	-	-	-	-	-	-	(24,939)	(24,939)
2016 interim dividend in cash	-	-	-	-	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	-	40,532	(40,532)	-
Allocation to revaluation reserve	-	-	-	-	8,114	(8,114)	-	-
Balance as of 31 December 2016	**95,183**	**472,640**	**499**	**(5,728)**	**406,087**	**(190,675)**	**26,431**	**804,437**
Result	-	-	-	-	-	-	94,645	94,645
Remeasurement of defined benefit obligations	-	-	-	-	-	815	-	815
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	(116)	-	-	-	-	(116)
Reclassification of translation differences on net investments to the profit and loss account	-	-	-	5,728	-	-	-	5,728
Final dividend for previous financial year in cash	-	-	-	-	-	-	(25,126)	(25,126)
2017 interim dividend in cash	-	-	-	-	-	(11,639)	-	(11,639)
Contribution from profit appropriation	-	-	-	-	-	1,305	(1,305)	-
Allocation to revaluation reserve	-	-	-	-	60,626	(60,626)	-	-
Buyback of shares	-	-	-	-	-	(30,059)	-	(30,059)
Balance as of 31 December 2017	**95,183**	**472,640**	**383**	**-**	**466,713**	**(290,879)**	**94,645**	**838,685**

The authorised share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.

Buyback of shares
On 11 April 2017, the Company made an offer for the buyback of shares valued at maximum € 50.0 million. In connection with this, 849,846 shares were bought back at a price of € 35.19 per share on 19 May 2017. This involved a total sum, including costs, of € 30.1 million. The shares bought back will not be cancelled but held as treasury shares.

The legal reserves comprise:

- **Hedging reserve in respect of financial derivatives**
  This reserve contains the gains and losses in respect of the effective portion of the derivatives which were designated and qualified as cash flow hedges.
- **Translation reserve**
  The translation reserve contains the unrealised translation results on net investments and unrealised translation results on intercompany loans that are materially part of the net investment. After disposal of the Turkish subsidiary, the cumulative balance of this 'Translation reserve' is recognised in the profit and loss account.
- **Revaluation reserve**
  The revaluation reserve relates to the property and contains the cumulative positive unrealised value movements on the property. The revaluation reserve is determined on the level of the individual property.

The legal reserves are not available for distribution of dividend.

7 LONG-TERM INTEREST-BEARING LOANS

	2017				2016			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Unsecured loans:								
• fixed interest rate 1)	195,777	209,456	405,233	2.92	194,435	209,393	403,828	2.90
• floating interest rate	-	107,937	107,937	1.42	-	137,701	137,701	1.50
	195,777	**317,393**	**513,170**	**2.60**	**194,435**	**347,094**	**541,529**	**2.54**

1) Including the part that was fixed by means of interest rate derivatives.

A positive/negative mortgage covenant was issued for the loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned satisfied these conditions as of 31 December 2017.

The part of the long-term interest-bearing loans due within one year amounts to nil (31 December 2016: € 37.5 million which is recognised under short-term liabilities).

The convertible bond loan below is included in the Long-term interest-bearing loans:

Year of issue	Term	Nominal value	Interest rate 1)	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 42.67	2,577,924

1) Fixed interest

The average term of the long-term interest-bearing loans was 4.0 years (31 December 2016: 4.6).

See 21 LONG-TERM INTEREST-BEARING LOANS in the consolidated financial statements for more details on the long-term interest-bearing loans.

8 FINANCIAL DERIVATIVES

	2017		2016	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**1,678**	**-**	**2,991**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2017		2016	
	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	-	-	-	-
Interest rate swaps 1-2 years	-	-	-	-
Interest rate swaps 2-5 years	-	-	(2,991)	135,000
Interest rate swaps > 5 years	(1,678)	135,000	-	-
	(1,678)	**135,000**	**(2,991)**	**135,000**

9 PAYABLE TO BANKS

The Company has a facility which allows offsetting, which the Company and its Dutch subsidiaries avail of.
This means that the current account balances on the level of the Company determine the interest charges and the interest advantage arising from this, in the amount of € 0.1 million (2016: € 1.5 million), accrues to the Company.

10 PAYABLE TO GROUP COMPANIES

The amounts payable to group companies are current account relationships at a floating interest rate and without fixed repayment date.

11 NOTES TO THE PROFIT AND LOSS ACCOUNT

The net rental income consists of the amounts charged to tenants in accordance with the operational lease contracts less the costs directly related to operating the property.

The general management expenses include € 1.5 million in asset and property management fees charged by the group companies (2016: € 1.7 million) and other general expenses in the amount of € 0.5 million (2016: € 0.6 million) and mainly involve consultancy and audit costs, publicity costs and costs in connection with the stock exchange listing.

The other operating income includes the other income from participations in group companies in the amount of € 1.5 million (2016: € 1.7 million), which consists of fees charged to the group companies.
Also included here are the value movements in property in the amount of nil (2016: negative € 0.1 million) and the net result on disposal of a group company in the amount of positive € 5.7 million (2016: nil).

The other interest income and similar income in the amount of € 4.6 million (2016: € 6.9 million) mostly relates to the financing provided to the group companies.

The interest charges and similar expenses in the amount of € 19.9 million (2016: € 25.8 million) consist of the interest paid on the long-term interest-bearing loans and amounts payable to banks, which totalled € 15.7 million (2016: € 16.6 million), the reclassification of translation differences on net investments from equity in the amount of € 5.7 million (2016: nil), with regard to the sale of the Turkish group company, the value movements in financial derivatives in the amount of positive € 1.5 million (2016: negative € 1.6 million) and the exchange difference on the receivable on the Turkish group company in the amount of nil (2016: € 7.6 million).

12 RIGHTS AND OBLIGATIONS NOT RECORDED ON THE BALANCE SHEET

The Company has issued a certificate of guarantee for a group company in accordance with Article 403 of Book 2 of the Netherlands Civil Code.

The Company heads a fiscal unity for the purposes of Dutch corporation tax and a fiscal unity for the purposes of turnover tax and is consequently jointly and severally liable for the tax equity and liabilities of the tax entities as a whole.

13 EVENTS AFTER THE BALANCE SHEET DATE

In January 2018, Vastned announced its intention to make a voluntary and conditional public takeover bid on all shares of Vastned Retail Belgium NV not yet in its possession for € 57.50 per share in cash. If the bid succeeds, the status of public regulated real estate company (OGVV) will be abandoned and the status of specialised real estate investment fund (FIIS) will be adopted and the stock exchange listing will be discontinued. The bid involves a sum of approximately € 102 million, including costs.

14 PROFIT APPROPRIATION

The Executive Board proposes that the result be distributed as follows:

Result attributable to Vastned Retail shareholders	94,645
To be added/charged to the reserves	(53,511)
Available for dividend payment	**41,134**
Distributed earlier as interim dividend	(11,639)
Available for final dividend payment	**29,495**

Based on the dividend policy and with due consideration for the conditions associated with fiscal investment institution status in the sense of article 28 of the 1969 Netherlands Corporate Income Tax Act, the Executive Board proposes that a final dividend of € 1.41 per share in cash be paid out for the 2017 financial year. This dividend payment will total € 25.6 million.

15 APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The company financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 14 February 2018.

Other information

Profit distribution

In accordance with the Company's articles of association, the profit is placed at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as Vastned Retail shareholders' equity exceeds the sum of the capital paid-up and called-up plus the reserves required to be maintained by law.

In order to retain its fiscal status as an investment institution, the Company must distribute the taxable profit, after making permitted reservations, within eight months of the end of the year under review.

Independent auditor’s report

To: the shareholders and supervisory board of Vastned Retail N.V.

Report on the audit of the financial statements 2017 included in the annual report

OUR OPINION

We have audited the financial statements 2017 of Vastned Retail N.V., based in Rotterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2017;
- The following statements for 2017: the consolidated profit and loss account, the consolidated statements of comprehensive income, consolidated statement of movement in equity and consolidated cash flow statement;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2017;
- The company profit and loss account for 2017;
- The notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Vastned Retail N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics). We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Materiality	€ 7.9 million (2016: € 8.4 million).
Benchmark applied	0.5% for the total assets.
Explanation	We consider total assets the best benchmark for materiality taking into account the nature and size of the business operations. For financial statement accounts with direct result impact we assume that a lower possible misstatement could influence economic decisions of the users of the financial statements. We therefore set the materiality for this at € 2.0 million (5% of the direct result, 2016: € 2.4 million).

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 102,500 for accounts with direct result impact and in excess of € 399,000 for other accounts, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

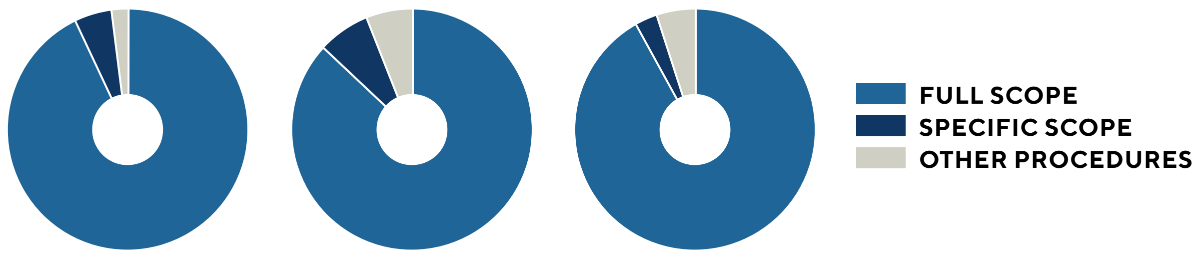
SCOPE OF THE GROUP AUDIT

Vastned Retail N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Vastned Retail N.V.

Our group audit has mainly focused on significant group entities; in addition to Vastned Netherlands, these concern the countries of France and Belgium (‘Full scope’). We have performed audit procedures ourselves at entities in the Netherlands. We have used the work of other auditors in auditing France and Belgium. For Spain we have performed review procedures.

In total the aforementioned ‘Full scope’ procedures cover 92% of the pre-tax income, 87% of the net rental income and 92% of the totals assets of the group.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion about the consolidated financial statements.



RESULTAAT VOOR BELASTINGEN | NETTOHUUR-OPBRENSTEN | TOTAAL ACTIVA

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Compared to prior year we have addressed the credit risk to debtors as additional key audit matter in our audit.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of property, note 14 Property of Vastned Retail N.V. amounts to 99% of the consolidated balance sheet total as per 31 December 2017. Property is valued at fair value as per 31 December 2017, in accordance with the Vastned Retail N.V. valuation policy that the value of all significant objects is determined by external appraisers every six months. Parameters, assumptions and estimates by management are used in determining fair value of property. Because the valuation is informed to a great extent by the subjectivity of estimates, valuation of property is a significant risk in our audit. We also refer to the disclosures as included in the financial statements, note 14.	We have tested the design effectiveness of internal controls relating to the valuation of property, including internal assessment of reports from appraisers. We have assessed the competence and independence of external appraisers. We have determined the correctness of source data as used in calculating the valuation. We have employed our real estate valuation specialists in the review and testing of models, parameters, assumptions and estimated as used in the valuation. We audited a sample of the calculations by recalculation. In our audit we have specifically considered significant valuation results, the fair value of property as determined by external appraisers and management opinion on these valuations. We also reviewed the disclosures as included in the financial statement relating to the valuation of property.	We agree with the assumptions used by management and we determined the accurateness and completeness of the disclosures as included in the financial statements.
Recognition of sale and acquisition of property, note 14 In 2017 Vastned Retail N.V. acquired and sold multiple properties. Accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks in acquiring and selling properties, such as ABC transactions and kickback fees. In addition, complex accounting recognition considerations can be applicable (reviewing proper classification as business combination under IFRS 3 or asset acquisition under IAS 40), which could impact the recognition and the disclosures in the financial statements.	In our audit we have tested the design effectiveness of internal controls relating to sales and acquisitions of property investments, including proper authorization of transactions and background checks of buyers and sellers. We have audited a sample of the acquisition and sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation and determined accurate and complete recognition of transaction result in the fiscal year. In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation value as determined by the external appraiser. If applicable we have assessed reasonableness of considerations paid to intermediaries. We also reviewed the disclosures as included in the financial statement relating to the recognition of sale and acquisition of property.	We agree with the assumptions used by management regarding the recognition of sale and acquisition of property and we determined the accurateness and completeness of the disclosures as included in the financial statements.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Financial reporting fraud We acknowledge the risk that financial information is intentionally misrepresented or that required disclosures are not or not completely included in the financial statements, which causes users of the financial statements to be misled. This can originate from a desire to present stable and results as predicted or the desired development in (in)direct result.	We have audited the recognition of direct and indirect result and performed targeted checks on management remuneration and manual journal entries. We have performed these procedures using data analytics such as analyzing correlation between different data streams. In our audit we have emphasized accounts which are subject to estimation and reviewed completeness and information usefulness of disclosures in the financial statements.	We have noted no indications of financial reporting fraud.
Financing and bank covenants, note 24 Considering the importance and relative size of external financing at Vastned Retail N.V., compliance with bank covenants and the related disclosures in the financial statements are considered as an area of emphasis in our audit.	We have taken cognizance of the internal control relating to the monitoring of bank covenants. We have audited calculations of bank covenants as prepared by Vastned Retail N.V. and reconciled these with relevant financing conditions. We also reviewed the disclosures as included in the financial statement relating to financing and bank covenants.	We have determined that Vastned Retail N.V. is compliant with required bank covenants as per 31 December 2017 and we determined the accurateness and completeness of the disclosures as included in the financial statements.
Compliance with fiscal laws and regulations, note 9 The Vastned Retail group consist of multiple entities qualifying as fiscal investment entity (Netherlands, France and Belgium). The applicable tax rate for a fiscal investment entity is 0% of the taxable amount. In the Netherlands, France and Belgium Vastned Retail N.V. utilizes the fiscal and legal facilities for investment entities, causing the tax rate to be 0%. Compliance with conditions for application of the tax regime for investment entities is an area of emphasis in our audit.	We have reviewed the internal assessment regarding compliance with key conditions of the fiscal regime for investment entities as prepared by the fiscal specialist of Vastned Retail N.V. We have used our fiscal specialists in the performance of this review in the Netherlands, Belgium and France.	We have determined that Vastned Retail N.V. is compliant with key condition of the fiscal regime for investment entities.
Credit risk to debtors Based on the current developments in the retail sector, potential bankruptcies of Vastned's debtors are a risk for collection of the debs. The balance of the provision for doubtful debtors amounts ultimo 2017 EUR 1,613 thousand. The total write off for the financial year amounts EUR 315 thousand. We also refer to the disclosures as included in the financial statements, note 24.	We have taken cognizance of the internal control relating to the regarding the realization of the receivables and monitoring of the collection of the debts. We have audited a sample of the valuation of the debtors per balance sheet date. We have reconciled the valuation of the debtors to relevant supporting documentation. We have reviewed the completeness of the provision for doubtful debtors. We also reviewed the disclosures as included in the financial statement relating to accounts receivable aging and credit risk.	We agree with the assumptions used by management and the disclosed accounts receivable aging and credit risk as included in the financial statements.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board's report;
- the report of the supervisory board;
- EPRA performance measures;
- direct and indirect result;
- about Vastned, key figures 2017, shareholder information, remuneration report 2017, property portfolio, list of abbreviations and definitions, general information;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

ENGAGEMENT

We were engaged by the supervisory board as auditor of Vastned Retail N.V. as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, February 14, 2018

Ernst & Young Accountants LLP

W.H. Kerst RA

2017 Remuneration report

9

Remuneration report 2017

This remuneration report 2017 has two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2017. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2017.

1. Executive Board remuneration in 2017

EXECUTIVE BOARD REMUNERATION POLICY

The Remuneration Policy for the Executive Board can be found on the Vastned website.

▶ www.vastned.com/Upload/Remuneratiebeleid-2015_ENd.pdf

EMPLOYMENT AGREEMENTS OF THE EXECUTIVE BOARD

Dismissal payments
The Annual General Meeting of 25 April 2015 appointed CEO Mr De Groot for a four-year term. The Extraordinary General Meeting of 28 November 2014 appointed CFO Mr Walta for a four-year term, taking effect on 1 November 2014. For members of the Executive Board, the Company must observe a notice period of six months, the members themselves three months.

Ontslagvergoedingen
Dismissal payments are limited to twelve months' fixed remuneration. Mr De Groot's and Mr Walta's employment agreements comply with the Code.

SHARE OWNERSHIP GUIDELINES

Position at year-end 2017
As at year-end 2017, at a closing price of € 41.30, the CEO met the minimum Vastned shareholding requirement of at least 300% of the CEO's fixed remuneration, with 66,851 shares purchased from his own means, or 627%.

CFO Mr Walta joined Vastned at the end of 2014, and must build up a position in Vastned shares from his LTI of at least 150% of his fixed remuneration within five years. At year-end 2017, Mr Walta had built up a Vastned shareholding of 1,000 shares from his own means. At a closing price of € 41.30, this is 14% of his fixed remuneration.

FIXED REMUNERATION 2017

Based on the Remuneration Policy, the fixed remuneration of the members of the Executive Board (including employer's social security contributions) for 2017 has been determined as follows:

FIXED REMUNERATION	2017	2016	change
Taco de Groot (CEO)	450,000	450,000	-
Reinier Walta (CFO)	297,000	276,000	7.6%
Total	**747,000**	**726,000**	**3%**

Mr De Groot's fixed remuneration remained unchanged in 2017. In view of the desirability of a good balance between the remuneration of the CEO and the CFO, it has been agreed with Mr Walta that he will be able based on clear targets to rise to a fixed remuneration of € 308,000 over a period of three calendar years starting on 1 January 2015. This fixed remuneration of € 308,000 is 70% of the CEO's fixed remuneration. At the start of 2017, two thirds of this agreed salary growth had been awarded.

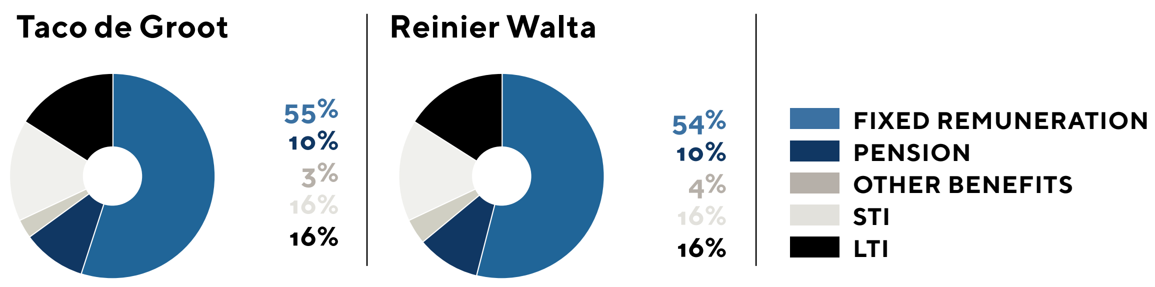
VARIABLE REMUNERATION IN 2017

Overview of the remuneration awarded to the executive board for 2017
The table below presents the remuneration awarded to the Executive Board in 2017:

Name	Fixed remuneration 1)	Pension	Other benefits 2)	STI	LTI	Total
Taco de Groot (CEO)	450,000	81,000	30,788	129,008	129,360	820,156
Reinier Walta (CFO)	297,000	54,000	23,212	84,148	84,378	542,738
Totals	**747,000**	**135,000**	**54,000**	**213,156**	**213,738**	**1,362,894**

1) Including social security premiums.
2) Concerns expenses relating to company car.

The table below presents the different components of the remuneration awarded to the Executive Board in 2017:



Short-Term Incentives (STI) for 2017
Both members of the Executive Board were set three shared quantitative targets, as well as an individual qualitative target.

One of the three shared quantitative targets was that at year-end 2017 (after the sale of the Turkish portfolio) 77.50% of Vastned's entire property portfolio would comprise core city assets. At year-end 2017, 79.15% of the entire portfolio consisted of core city assets; on this basis 23.3% of the STI was awarded.

The second shared quantitative target was realising 2% like-for-like rental growth for the core city assets at year-end 2017. At year-end 2017 the like-for-like rental growth was 3.1%; the realisation of this shared quantitative target resulted in an award of 25% of the STI.

The third shared quantitative target related to the acquisition of new core city assets. The target set was that at year-end at least € 65 million in new core city assets had to be acquired. At year-end 2017, new core city assets had been acquired for € 37.6 million, so the target was not realised.

The CFO's qualitative target was the selection and start of the implementation of a new property management system and the development and implementation of an alternative financing plan (both for equity and for loan capital) in order to maintain flexibility both in 2017 and in the long term, but also allow for growth in the portfolio.

The qualitative target for the CEO was the successful implementation in 2017 of the new organisational structure in the commercial property team in the Netherlands and adjustment of the organisation in such a way as to allow the business plan for 2017-2019 to be reviewed and scaled up to a strong growth scenario for Vastned.

The qualitative STI targets for the CEO and the CFO were realised in full at year-end 2017 (25% of the STI).

This brings the total STI to 73.3% (23.3% + 25% + 0% + 25% realisation of STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 440,000 for the CEO and € 287,000 for the CFO) = € 129,008 for the CEO and € 84,148 for the CFO.

Long-Term Incentives (LTI) for 2017
The LTI may range from 0% up to a maximum of 60% of the fixed remuneration, and in each case covers a three-year period. The LTI scheme has the following three elements:

- A Relative Total Shareholder Return ('RTSR') test (50%);
- An Absolute Total Shareholder Return ('ATSR') test (30%);
- A Business Health Test (20%).

The maximum LTIs Mr De Groot and Mr Walta could achieve for 2017 were 60% of € 440,000 and € 287,000 respectively.

RTSR test
The RTSR test sets 50% of the total LTI. For a description of the test and the peer group we refer to paragraph 4.3.2.2 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. In the defined peer group Vastned came fourth based on the figures at year-end 2017, so 58% is awarded based on the RTSR test. As a result, 58% * 50% = 29% of the RTSR-based LTI is payable (equal to 29% (based on the RTSR test) * 60% (weight of LTI in total calculation) = 17.4 % of the annual salary).

ATSR test
The ATSR test sets 30% of the total LTI. For a description of the test we refer to paragraph 4.3.2.3 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. As the ATSR for the period 1 January 2015 up to and including 31 December 2017 was 29.75%, 0% LTI is payable based on the ATSR test.

Business Health Test
The Business Health test determines 20% of the total LTI. The purpose of this test is to promote a long-term vision in the determination of the strategy and the policy conducted. As the principle in the assessment of this test, it initially measures the impact of the annual STI targets over a three-year period. But it also takes account of other, non-financial performance indicators. These may include strategic leadership, the 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility.

The Business Health Test was realised in 2017. The calculation of the Business Health Test-based LTI is as follows: 20% (weight of Business Health Test in LTI) * 60% (weight of LTI in total calculation) * annual salary = 10% * annual salary.

2017 is the first year in the three-year period over which the LTI is determined.

The total LTI for the period 2015-2017 came to: 49% (being 29% (based on the RTSR) + 20% (based on the Business Health Test) * 60% (weight of LTI in total calculation) * annual salary (€ 440,000 for the CEO and € 287,000 for the CFO) = € 129,360 for the CEO and € 84,378 for the CFO.

The Supervisory Board has not availed itself of the right to adjust or claw back the bonuses awarded to the Executive Board for the 2017 reporting year.

PENSION 2017
The members of the Executive Board do not pay own contributions to their pension schemes; these contributions are paid by the Company. Mr Walta's pension is based on a career average scheme and Mr De Groot's is a defined-contribution scheme. The expected retirement age of the members of the Executive Board is 67. The schemes include a partner's pension and an invalidity pension.

Pension compensation CFO
Mr Walta participates in Vastned's pension scheme. On 1 January 2015, the tax relief on pension accrual was adjusted based on tax legislation, and only the fixed salary with a maximum of € 100,000 is pensionable. It has been agreed with Mr Walta that he will be compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to withhold. The same scheme has been agreed with other Vastned employees. This pension compensation does not qualify as part of the fixed remuneration.

LOANS 2017
Vastned did not provide any loans or guarantees to members of the Executive Board in 2017.

ADJUSTMENT OF REMUNERATION OF THE EXECUTIVE BOARD IN 2018
The Code states that at least every three years an analysis must be made of the possible outcomes of the variable remuneration components and the effect thereof on the Executive Board's total remuneration.
The total remuneration of the Executive Board of Vastned was compared at year-end 2017 by independent consultancy Korn Ferry with the Employment Market Peer Group as described in the Remuneration Policy. As a double fairness test, the findings of this comparison were also compared with all the companies in the AScX index and with a group of fourteen Dutch companies of similar complexity and size. In the determination of the total remuneration of the Executive Board account is also taken of its impact on the remuneration ratios within the Company.

As at year-end 2017 the remuneration levels of the Executive Board were evaluated based on the abovementioned criteria and redefined as of 1 January 2018. Subject to approval of the financial statements from auditor EY and adoption of the financial statements by the Annual General Meeting, the Executive Board's base salaries were set around the median of the Employment Market Peer Group and around the 20th percentile for the total remuneration, since Vastned is positioned near this percentile in terms of size.

2. Remuneration of the Supervisory Board

ADJUSTMENT OF REMUNERATION OF THE SUPERVISORY BOARD IN 2017
While the level of the remuneration of the members of the Supervisory Board has remained unchanged since 2012, the demands placed on the members since that time, both in terms of the time a supervisory directorship demands and the complexity of the work, have increased significantly.

At the time when the new remuneration policy for the Executive Board was adopted in 2015, the remuneration of the chairman of the Supervisory Board was reviewed based on a 'quick scan', but the remuneration system for the entire Supervisory Board was not reviewed in accordance with the remuneration system of the Executive Board.
In view of the above, the Supervisory Board instructed consultancy Korn Ferry to carry out an independent benchmark survey into the remuneration of the Supervisory Board. In accordance with the remuneration policy for the Executive Board, this survey initially looked at the 'Employment Market Peer Group' which consists of companies which are comparable to Vastned in terms of strategic focus, complexity and ambition. In this, any differences in governance structures were taken into account. Secondly, a comparison was made to all the Supervisory Board remuneration among all companies in the AMX index. Also in accordance with the remuneration policy for the Executive Board, as a principle in the outcomes the bottom quartile of the results is used as an anchor point for competitive remuneration. Finally, the top of the small cap (AScX index) companies is included in the evaluation of the remuneration of the Supervisory Board. The benchmark survey showed that the remuneration of the chairman and the members of the Supervisory Board as well as the supplements for the chairman and the members of the various committees were below those of comparable companies. In order to bring the remuneration in line with the market, the following remuneration system was adopted by the Annual General Meeting of 20 April 2017:

Chairman	**€ 48,000**
Member (not chairman)	**€ 36,000**
• Supplement for chairman of audit and compliance committee	€ 7,750
• Supplement for membership (not chairmanship) of audit and compliance committee	€ 5,500
• Supplement for chairman of remuneration and nomination committee	€ 6,750
• Supplement for membership (not chairmanship) of remuneration and nomination committee	€ 4,750

All members also receive a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding turnover tax.

OVERVIEW OF THE REMUNERATION AWARDED TO THE SUPERVISORY BOARD IN 2017
The table below presents the remuneration awarded to the Supervisory Board in 2017 (x € 1):

Name	Supervisory Board	A&C committee	R&N committee	Expense allowance	Total
Marc C. van Gelder c)	48,000	-	4,750	1,250	54,000
Jeroen B.J.M. Hunfeld	36,000	5,500	-	1,250	42,750
Charlotte M. Insinger	36,000	7,750	-	1,250	45,000
Marieke Bax	36,000	-	6,750	1,250	44,000
Total 2017	**156,000**	**13,250**	**11,500**	**5,000**	**185,750**

c) Chairman

Property portfolio

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Property in operation

The Netherlands

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
ALMELO						
Grotestraat 32 / Hof van Gülick 10	Mixed retail locations	1993	1920	210	1	1
Grotestraat 36	Mixed retail locations	1996	1920	430	1	-
Grotestraat 83-85	Mixed retail locations	1994	1850	255	1	-
Grotestraat 97a / Koornmarkt 3-5 and 9-11 / Werfstraat 1	Mixed retail locations	1993	1920	1.132	5	-
AMERSFOORT						
Langestraat 8	Mixed retail locations	1990	1900	409	1	1
Utrechtsestraat 13 / Hellestraat 3	Mixed retail locations	2008	1900	97	1	1
AMSTERDAM						
Ferdinand Bolstraat 47-49	Core city assets	2017	1885	316	1	5
Ferdinand Bolstraat 65	Core city assets	1989	1883	113	1	3
Ferdinand Bolstraat 79-81	Core city assets	1987	1905	160	1	6
Ferdinand Bolstraat 88	Core city assets	1987	1883	85	1	3
Ferdinand Bolstraat 92 / G. Flinckstraat 118	Core city assets	1987	1882	81	1	6
Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90	Core city assets	1987	1892	194	1	9
Ferdinand Bolstraat 101	Core city assets	1989	1892	118	1	3
Ferdinand Bolstraat 109	Core city assets	1989	1882	76	1	3
Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88	Core city assets	1993	1893	130	1	6
Ferdinand Bolstraat 122	Core city assets	1987	1893	95	1	3
Ferdinand Bolstraat 124	Core city assets	1987	1893	75	1	3
Ferdinand Bolstraat 126	Core city assets	1989	1893	80	-	3
Heiligeweg 37	Core city assets	2014	1907	114	1	-
Heiligeweg 47	Core city assets	1989	1899	60	1	-
Kalverstraat 9	Core city assets	1990	1900	253	1	-
Kalverstraat 11-17 / Rokin 12-16	Core city assets	2015	2014	6.000	3	-
Kalverstraat 132	Core city assets	2014	1894	118	2	-
Kalverstraat 162-164	Core city assets	1988	1800	328	1	-
Kalverstraat 182	Core city assets	1987	1900	95	1	-
Kalverstraat 208	Core city assets	1991	1850	160	1	-
Keizersgracht 504	Core city assets	2012	1686	200	1	1
Leidsestraat 2 / Herengracht 424	Core city assets	2016	1900	431	2	-
Leidsestraat 5	Core city assets	1990	1905	380	1	-
Leidsestraat 23	Core city assets	2013	1700	160	1	-
Leidsestraat 46	Core city assets	2012	1900	190	1	-
Leidsestraat 60-62	Core city assets	2014	1750	82	1	2
Leidsestraat 64-66 / Kerkstraat 44	Core city assets	1986	1912	790	3	-
P.C. Hooftstraat 35	Core city assets	2015	1904	225	1	-
P.C. Hooftstraat 37	Core city assets	2015	1897	112	1	-
P.C. Hooftstraat 46-50	Core city assets	2014	1885	684	2	4
P.C. Hooftstraat 49-51	Core city assets	2013	1905	380	1	5
P.C. Hooftstraat 78, 78-I-II-III	Core city assets	2013	1905	465	2	-
Reguliersbreestraat 9	Core city assets	1987	1905	232	1	-
Rembrandtplein 7 1)	Core city assets	2007	1897	285	1	1
Spuistraat 3E and 3F	Core city assets	2017	1900	189	1	-

1) Land on long lease

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
Van Baerlestraat 86	Core city assets	1994	1800	90	1	2
Van Baerlestraat 108-110	Core city assets	1990	1800	265	2	3
APELDOORN						
Deventerstraat 6	Mixed retail locations	1990	1930	70	1	-
Deventerstraat 14 and 14a	Mixed retail locations	1994	1900	295	2	-
ARNHEM						
Bakkerstraat 3a and 4 / Wielakkerstraat 8	Mixed retail locations	1990	1600	188	2	1
Bakkerstraat 5 en 6 / Wielakkerstraat 10	Mixed retail locations	94/14	1950	971	3	-
Koningstraat 12-13 / Beekstraat 105-107 and 108	Mixed retail locations	1988	1890	1.052	4	3
Vijzelstraat 24	Mixed retail locations	1994	1800	161	1	-
BERGEN OP ZOOM						
Wouwsestraat 48	Mixed retail locations	1994	1900	80	1	-
BOXMEER						
Hoogkoorpassage 14-18 and 22	Mixed retail locations	1990	1989	566	5	-
Steenstraat 110 / D'n entrepot	Mixed retail locations	1997	1992	135	1	1
BOXTEL						
Stationstraat 18-20	Mixed retail locations	1997	1920	750	1	1
BREDA						
Eindstraat 14-16	Core city assets	1988	1924	260	1	-
Ginnekenstraat 19	Core city assets	1993	1980	150	1	-
Ginnekenstraat 80-80a	Core city assets	1998	1905	165	1	1
Grote Markt 29 / Korte Brugstraat 2	Core city assets	1991	1953	102	2	-
Karrestraat 25	Core city assets	1994	1920	268	1	2
Ridderstraat 19	Core city assets	1994	1800	225	1	-
Torenstraat 2 / Korte Brugstraat 14	Core city assets	1992	1953	90	1	-
Veemarktstraat 30	Core city assets	1991	1920	555	1	-
Veemarktstraat 32	Core city assets	1992	1800	70	1	1
BRUNSSUM						
Kerkstraat 45 / Schiffelerstraat 1	Mixed retail locations	1997	1970	620	2	-
COEVORDEN						
Friesestraat 14 / Weeshuisstraat 9	Mixed retail locations	1997	1950	203	1	3
DEDEMSVAART						
Julianastraat 13-19	Mixed retail locations	1997	1922	1.190	4	-
DEVENTER						
Lange Bisschopstraat 34	Mixed retail locations	1991	1900	278	-	-
Lange Bisschopstraat 50	Mixed retail locations	1993	1800	210	1	1
DOETINCHEM						
Dr. Huber Noodstraat 2	Mixed retail locations	1997	1968	1.840	3	-
Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	Mixed retail locations	1994	1985	310	4	-
Nieuwstad 57-59	Mixed retail locations	1988	1988	1.686	2	-
DOORWERTH						
Mozartlaan 52-66 / Van der Molenallee 107-125	Mixed retail locations	1997	2007	3.395	12	-
DORDRECHT						
Voorstraat 262	Mixed retail locations	1996	1800	175	1	4
EERBEEK						
Stuyvenburchstraat 44	Mixed retail locations	1997	1965	350	2	2

The Netherlands cont.

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
EINDHOVEN						
Orionstraat 137-159	Mixed retail locations	1993	1973	3.102	6	-
Rechtestraat 25	Core city assets	1992	1930	100	1	-
Rechtestraat 44-48	Core city assets	1988	1966	3.273	2	-
EMMELOORD						
Lange Nering 65	Mixed retail locations	1993	1960	275	1	1
ENSCHEDE						
Kalanderstraat 6	Mixed retail locations	1993	1950	124	1	-
GOES						
Lange Kerkstraat 9	Mixed retail locations	1994	1920	65	-	-
GOOR						
Grotestraat 57-59 and 63	Mixed retail locations	1994	1910	859	1	1
HAAKSBERGEN						
Spoorstraat 45	Mixed retail locations	1997	1986	800	1	1
HAARLEM						
Grote Houtstraat 90	Mixed retail locations	1988	1850	96	1	-
HARDENBERG						
Fortuinstraat 21	Mixed retail locations	1997	1985	300	1	-
Voorstraat 10	Mixed retail locations	1997	1930	1.173	1	-
HARDERWIJK						
Markt 14	Mixed retail locations	1991	1875	470	1	-
HARLINGEN						
Kleine Bredeplaats 8a-10a / Grote Bredeplaats 26-26b	Mixed retail locations	1997	1990	391	-	3
HEERLEN						
In de Cramer 140	Mixed retail locations	2007	2007	6.000	1	-
Saroleastraat 38	Mixed retail locations	1994	1930	225	1	1
HELMOND						
Veestraat 1	Mixed retail locations	1994	1950	240	1	-
Veestraat 39	Mixed retail locations	1994	1960	136	1	-
HENGELO						
Wegtersweg 4	Mixed retail locations	2006	2006	4.622	1	-
'S-HERTOGENBOSCH						
Hinthamerstraat 48	Core city assets	1988	1900	130	1	2
Markt 27	Core city assets	2012	1648	225	1	-
Schapenmarkt 17-19	Core city assets	2014	1930	1.254	1	-
HILVERSUM						
Kerkstraat 55	Mixed retail locations	1994	1950	130	1	-
Kerkstraat 87	Mixed retail locations	1988	1905	100	-	3
Schoutenstraat 6	Mixed retail locations	1987	1923	65	1	-
Schoutenstraat 8	Mixed retail locations	1986	1923	122	1	-
HOOGEVEEN						
Hoofdstraat 157	Mixed retail locations	1993	1960	75	1	1
HOUTEN						
Onderdoor 4, 4a	Mixed retail locations	2010	2010	2.105	2	-
JOURE						
Midstraat 153 - 163	Mixed retail locations	2006	1981	2.519	6	5
LEEK						
Tolberterstraat 3-5	Mixed retail locations	1997	1996	575	2	1
LEEUWARDEN						
Ruiterskwartier 127	Mixed retail locations	1995	1929	291	1	-
Ruiterskwartier 135	Mixed retail locations	1995	1930	70	1	-
Wirdumerdijk 7 / Weaze 16	Mixed retail locations	1994	1920	520	2	1

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
MAASTRICHT						
Grote Staat 59	Core city assets	2014	1742	240	1	-
Muntstraat 16-18	Core city assets	1989	1897	135	1	-
Muntstraat 20	Core city assets	1987	1891	110	1	-
Muntstraat 21-23	Core city assets	2014	1920	311	1	-
Wolfstraat 8 / Minckelersstraat 1	Core city assets	1992	1883	789	2	-
Wolfstraat 27 - 29	Core city assets	2013	1752	455	1	1
MIDDELBURG						
Lange Delft 59	Mixed retail locations	1991	1850	198	1	-
MIDDELHARNIS						
Westdijk 22-24	Mixed retail locations	1997	1990	325	1	-
NIJMEGEN						
Broerstraat 26 / Scheidemakershof 37	Mixed retail locations	1993	1960	161	1	1
Broerstraat 70 / Plein 1944 nr. 151	Mixed retail locations	1989	1951	1.033	1	-
Plein 1944 nr. 2	Mixed retail locations	1988	1957	164	1	1
OOSTERHOUT						
Arendshof 48-52	Mixed retail locations	2000	1963	349	-	-
Arendstraat 9-11	Mixed retail locations	1994	1982	889	-	-
Arendstraat 13	Mixed retail locations	1994	1989	440	2	1
OSS						
Heschepad 49-51 / Molenstraat 21-25	Mixed retail locations	1986	1983	2.803	4	-
RENKUM						
Dorpsstraat 21-23	Mixed retail locations	1997	1907	520	1	-
RIDDERKERK						
St. Jorisplein 30	Mixed retail locations	1994	1970	478	2	-
ROERMOND						
Schoenmakersstraat 2	Mixed retail locations	1994	1900	140	-	-
Steenweg 1 / Schoenmakersstraat 6-18	Mixed retail locations	1986	1980	2.283	5	-
ROOSENDAAL						
Nieuwe Markt 51	Mixed retail locations	1994	1960	200	1	-
ROTTERDAM						
Keizerswaard 73	Mixed retail locations	1996	1992	280	1	-
Shoppingcentre Zuidplein [3)]	Mixed retail locations	94/95/10	1972	1.315	7	-
SCHIEDAM						
Shopping centre Hof van Spaland [1) 3)]	Mixed retail locations	96/97	70/78	347	2	-
SNEEK						
Oosterdijk 58	Mixed retail locations	1996	1940	75	1	-
THE HAGUE						
Korte Poten 10	Core city assets	1989	1916	56	1	-
Korte Poten 13	Core city assets	1990	1916	120	1	2
Korte Poten 42	Core city assets	1987	1900	55	1	4
Lange Poten 7	Core city assets	1989	1937	112	1	-
Lange Poten 21	Core city assets	1989	1916	204	1	2
Plaats 17 and 21	Core city assets	1990	1916	415	2	-
Plaats 25	Core city assets	1987	1920	517	1	-
Spuistraat 13	Core city assets	1988	1930	662	1	-
Vlamingstraat 43	Core city assets	1995	1916	163	1	-
Wagenstraat 3-5 / Weverplaats	Core city assets	2012	2012	3.176	1	-
TIEL						
Waterstraat 29 / Kerkstraat 2b	Mixed retail locations	1994	1850	70	1	1
Waterstraat 51a	Mixed retail locations	1994	1920	65	1	-

1) Land on long lease **3)** Concerns partial ownership

The Netherlands cont.

City Location		Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
TILBURG							
Winkelcentrum Westermarkt	3)	Mixed retail locations	'93/'94/'08	61/62/63	7.614	13	0
UDEN							
Marktstraat 32		Mixed retail locations	1994	1958	420	1	1
UTRECHT							
Achter Clarenburg 19		Core city assets	1987	1975	91	1	-
Bakkerstraat 16		Core city assets	2013	1900	642	1	2
Choorstraat 13		Core city assets	1987	1900	139	1	1
Lange Elisabethstraat 6		Core city assets	1987	1850	113	1	-
Lange Elisabethstraat 36		Core city assets	1993	1850	188	1	-
Nachtegaalstraat 55		Core city assets	1994	1904	2.116	2	2
Oudegracht 124-128		Core city assets	1990	1930	393	2	2
Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14		Core city assets	1987	1900	2.482	10	5
Oudegracht 153 - 159		Core city assets	1997/2013	1904	1.616	7	2
Oudegracht 161		Core city assets	1997	1900	1.963	2	-
Steenweg 9 / Choorstraat 9-9bis		Core city assets	1990	1900	578	2	3
Steenweg 22-28		Core city assets	2014	1800	288	4	3
Steenweg 31-33 / Hekelsteeg 7		Core city assets	2013	1450	790	1	1
Vismarkt 4		Core city assets	2017	1900	308	1	-
Vredenburg 1		Core city assets	2018	1900	264	1	-
Vredenburg 9, 9a, 9b		Core city assets	2016	1900	1.308	2	4
VEENENDAAL							
Hoofdstraat 25		Mixed retail locations	1990	1930	260	1	1
VEGHEL							
Kalverstraat 8-16		Mixed retail locations	1993	1988	446	1	3
VENLO							
Lomstraat 30-32		Mixed retail locations	1993	1960	465	1	-
Lomstraat 33		Mixed retail locations	1994	1970	50	1	-
VENRAY							
Grotestraat 2-4 / Grote Markt 2a-4		Mixed retail locations	1986	1946	1.166	3	-
VRIEZENVEEN							
Westeinde 21-29		Mixed retail locations	1993	1938	2.611	9	-
WINSCHOTEN							
Langestraat 22 / Venne 109		Mixed retail locations	1994	1900	70	1	-
Langestraat 24		Mixed retail locations	1991	1960	430	2	-
WINTERSWIJK							
Dingstraat 1-3		Mixed retail locations	1998	1900	2.335	1	-
Misterstraat 8-10 / Torenstraat 5a and 5c		Mixed retail locations	1996	1900	441	1	2
Misterstraat 12 / Torenstraat 5b		Mixed retail locations	1991	1939	135	1	1
Misterstraat 14		Mixed retail locations	1991	1989	377	2	-
Misterstraat 33		Mixed retail locations	1999	1900	550	1	-
Weurden 2-4		Mixed retail locations	1998	1977	278	2	3
Wooldstraat 26		Mixed retail locations	1999	1900	603	2	-
ZUTPHEN							
Beukerstraat 28		Mixed retail locations	1989	1800	296	1	-
Beukerstraat 40		Mixed retail locations	1989	1838	335	1	-

3) Concerns partial ownership

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
ZWOLLE						
Diezerstraat 62	Mixed retail locations	1996	1910	95	1	-
Diezerstraat 74 and 74a	Mixed retail locations	2012	1800	315	1	1
Diezerstraat 78	Mixed retail locations	1990	1832	140	1	-
Luttekestraat 26 / Ossenmarkt 1a	Mixed retail locations	1990	1930	78	1	1
Roggenstraat 6	Mixed retail locations	1987	1900	106	1	-
TOTAL PROPERTY IN OPERATION NETHERLANDS				115,736	301	165

France

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
BORDEAUX						
Cours de l'Intendance 12	Core city assets	2011	1900	390	1	-
Cours de l'Intendance 47	Core city assets	2011	1900	262	1	-
Cours de l'Intendance 56	Core city assets	2013	1900	310	1	-
Cours de l'Intendance 58	Core city assets	2013	1900	115	1	-
Cours de l'Intendance 60	Core city assets	2013	1900	508	1	-
Cours de l'Intendance 61	Core city assets	2012	1900	720	2	2
Cours de l'Intendance 62	Core city assets	2013	1900	660	1	-
Cours de l'Intendance 64-66	Core city assets	2013	1900	240	1	-
Cours Georges Clémenceau 12	Core city assets	2011	1900	360	1	2
Rue de la Porte Dijeaux 73	Core city assets	2012	1950	138	1	-
Rue Sainte Catherine 20	Core city assets	2011	1900	592	1	13
Rue Sainte Catherine 27-31	Core city assets	2011	1900	1106	4	3
Rue Sainte Catherine 35-37	Core city assets	2011	1900	343	1	-
Rue Sainte Catherine 39	Core city assets	2011	1900	337	1	-
Rue Sainte Catherine 66	Core city assets	2012	1950	133	1	-
Rue Sainte Catherine 131	Core city assets	2012	1900	346	1	-
CANNES						
Rue d'Antibes 40	Core city assets	2000	1950	802	1	-
LILLE						
Place de la Gare 8	Core city assets	2007	1945	156	2	-
Place des Patiniers 1 bis	Core city assets	2007	1900	112	1	-
Place des Patiniers 2	Core city assets	2007	1945	56	1	-
Place du Lion d'Or 9	Core city assets	2007	1870	152	1	-
Place Louise de Bettignies 15-17	Core city assets	2007	1870	352	1	-
Rue Basse 8	Core city assets	2007	1930	148	1	-
Rue de la Grande Chaussée 25	Core city assets	2007	1870	200	1	-
Rue de la Grande Chaussée 29	Core city assets	2007	1870	236	1	-
Rue de la Grande Chaussée 29	Core city assets	2007	1870	240	-	1
Rue de la Grande Chaussée 33-35	Core city assets	2007	1870	429	1	-
Rue de la Monnaie 2	Core city assets	2007	1870	468	-	4
Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	Core city assets	2007	1870	240	1	-
Rue de la Monnaie 4	Core city assets	2007	1870	103	1	-
Rue de la Monnaie 6	Core city assets	2007	1870	123	1	-
Rue de la Monnaie 6 bis	Core city assets	2007	1870	82	1	-
Rue de la Monnaie 12	Core city assets	2007	1870	172	1	-
Rue de la Monnaie 13	Core city assets	2007	1870	85	1	-
Rue des Chats Bossus 13	Core city assets	2007	1870	454	1	-
Rue des Chats Bossus 21	Core city assets	2007	1870	168	1	-
Rue des Ponts de Comines 30	Core city assets	2007	1945	197	1	-
Rue des Ponts de Comines 32	Core city assets	2007	1945	267	1	-
Rue du Curé Saint-Etienne 6	Core city assets	2007	1950	153	1	-
Rue du Curé Saint-Etienne 17	Core city assets	2007	1870	172	1	-
Rue Faidherbe 28-30	Core city assets	2007	1945	102	1	-
Rue Faidherbe 32-34	Core city assets	2007	1945	598	1	-
Rue Faidherbe 38-44	Core city assets	2007	1945	200	1	-
Rue Faidherbe 48	Core city assets	2007	1945	135	1	-
Rue Faidherbe 50	Core city assets	2007	2015	235	-	-
Rue Faidherbe 54	Core city assets	2007	2015	139	-	-

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
LIMOGES						
Centre Commercial Beaubreuil 3)	Mixed retail locations	2001	1980	4490	8	-
Centre Commercial Limoges Corgnac 3)	Mixed retail locations	2007	2006	5277	10	-
LYON						
Rue Édouard Herriot 70	Core city assets	2014	1900	388	2	-
Rue Victor Hugo 5	Core city assets	2001	1950	90	1	-
NICE						
Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	Core city assets	2001	1950	362	1	-
PARIS						
Rue d'Alésia 123	Core city assets	2006	1956	420	1	-
Rue de Rennes146	Core city assets	2016	1900	195	1	-
Rue de Rivoli 102	Core city assets	2012	1900	1092	3	-
Rue de Rivoli 118-120, Rue du Plat d'Etain 19 en Rue Pernelle 5	Core city assets	1998	1997	3831	6	9
Rue des Archives 21	Core city assets	2016	1900	163	1	-
Rue des Francs Bourgeois 29	Core city assets	2017	1900	229	1	-
Rue des Rosiers 3ter	Core city assets	2015	1900	383	1	-
Rue des Rosiers 19	Core city assets	2017	1900	58	1	-
Rue du Vieille du Temple 26	Core city assets	2016	1900	213	1	-
Rue Montmartre 17	Core city assets	2006	2003	249	1	-
SAINT-ÉTIENNE						
Rue Saint-Jean 27	Mixed retail locations	2001	1950	60	-	-
TOTAL PROPERTY IN OPERATION FRANCE				**31,036**	**86**	**34**

3) Concerns partial ownership

Belgium [2)]

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
AALST						
Albrechtlaan 56 [1)]	Mixed retail locations	2000	> 1980	1000	1	-
Brusselsesteenweg 41	Mixed retail locations	2007	> 1980	770	1	-
Nieuwstraat 10	Mixed retail locations	1998	< 1950	151	1	-
AARTSELAAR						
Antwerpsesteenweg 13 / 4	Mixed retail locations	2000	> 1980	1334	1	-
ANS						
Rue de Français 393	Mixed retail locations	1999	> 1980	3980	11	-
ANTWERP						
Armeduivelstraat 6	Core city assets	2015	< 1950	198	1	-
De Keyserlei 47	Core city assets	2000	< 1950	62	1	-
De Keyserlei 49	Core city assets	2000	< 1950	102	1	-
Graanmarkt 13	Core city assets	2015	< 1950	886	2	-
Groendalstraat 11	Core city assets	2000	< 1950	48	1	-
Huidevettersstraat 12	Core city assets	1994	< 1950	684	1	-
Korte Gasthuisstraat 17	Core city assets	2015	< 1950	1534	1	-
Korte Gasthuisstraat 27	Core city assets	2000	< 1950	145	1	-
Leysstraat 17	Core city assets	2000	< 1950	325	1	2
Leysstraat 28-30	Core city assets	1997	< 1950	1646	2	5
Meir 99	Core city assets	1996	< 1950	583	1	-
Schuttershofstraat 22	Core city assets	2015	< 1950	342	1	-
Schuttershofstraat 24	Core city assets	2000	< 1950	180	1	-
Schuttershofstraat 30	Core city assets	2000	< 1950	50	1	-
Schuttershofstraat 32 / Arme Duivelstraat 2	Core city assets	2000	< 1950	54	1	-
Schuttershofstraat 55	Core city assets	2015	< 1950	139	1	-
Steenhouwersvest 44-46-48	Core city assets	2017	> 1950 < 1980	1030	3	4
BALEN						
Molsesteenweg 56	Mixed retail locations	1999	> 1980	1871	2	-
BOECHOUT						
Hovesesteenweg 123-127	Mixed retail locations	2002	> 1980	1230	1	-
BRUGES						
Steenstraat 38	Core city assets	2013	< 1950	941	1	-
Steenstraat 80	Core city assets	1998	< 1950	2058	1	-
BRUSSELS						
Elsensesteenweg 16	Core city assets	1996	< 1950	1222	2	-
Elsensesteenweg 41-43	Core city assets	1998	< 1950	6604	7	-
Louizalaan 7	Core city assets	2000	< 1950	370	1	-
Nieuwstraat 98	Core city assets	2001	< 1950	150	1	-
DROGENBOS						
Nieuwe Stallestraat 217	Mixed retail locations	2007	> 1980	530	1	-
GENK						
Hasseltweg 74	Mixed retail locations	2002	> 1980	2331	3	-
GHENT						
Veldstraat 23-27	Core city assets	2014	< 1950	2690	1	-
Veldstraat 81	Core city assets	1998	< 1950	265	-	-
Volderstraat 15	Core city assets	1993	< 1950	279	1	-
Zonnestraat 10	Core city assets	1998	< 1950	702	-	-
Zonnestraat 6-8	Core city assets	1998	< 1950	3484	1	-

1) Land on long lease
2) All Belgian properties (excluding Korte Gasthuisstraat 17 in Antwerp) are held directly by Vastned Retail Belgium, in which Vastned has a 65.5% interest at year-end 2017

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
GRIVEGNÉE						
Rue Servais Malaise	Mixed retail locations	2002	> 1980	2000	1	-
HUY						
Rue Joseph Wauters 3 [1)]	Mixed retail locations	2007	> 1980	1000	2	-
JEMAPPES						
Avenue Wilson 510	Mixed retail locations	2007	> 1980	900	1	-
KAMPENHOUT						
Mechelsesteenweg 38-42	Mixed retail locations	1999	> 1980	3322	3	-
KORBEEK-LO						
Tiensesteenweg 378 [1)]	Mixed retail locations	2007	> 1980	990	1	-
LEOPOLDSBURG						
Lidostraat 7	Mixed retail locations	1999	> 1980	1850	1	-
LEUVEN						
Bondgenotenlaan 69-73	Mixed retail locations	2001	< 1950	1495	2	-
LIÈGE						
Rue Pont d'Ile 35	Mixed retail locations	1998	< 1950	80	1	-
Rue Pont d'Ile 45	Mixed retail locations	1998	< 1950	55	1	-
Rue Pont d'Ile 49	Mixed retail locations	1998	< 1950	375	1	-
MECHELEN						
Bruul 39-41	Mixed retail locations	2000	< 1950	361	2	-
Bruul 42-44	Mixed retail locations	2001	< 1950	2948	1	-
Borzestraat 5	Mixed retail locations	2001	< 1950	283	-	-
MOESKROEN						
Petite Rue 18	Mixed retail locations	1998	< 1950	235	1	-
MONS						
Grand Rue 19	Mixed retail locations	2000	< 1950	185	1	-
MONTIGNIES-SUR-SAMBRE						
Rue de la Persévérance 14	Mixed retail locations	2007	> 1980	750	1	-
NAMUR						
Place de l'Ange 42	Mixed retail locations	2011	> 1950 < 1980	2270	11	-
PHILIPPEVILLE						
Rue de France	Mixed retail locations	1999	> 1980	3689	6	-
SCHAARBEEK						
Leuvensesteenweg 610-640	Mixed retail locations	1999	> 1980	2964	4	-
TIELT-WINGE						
Retailpark 't Gouden Kruispunt	Mixed retail locations	99-02	> 1980	19096	22	-
TURNHOUT						
Gasthuisstraat 32	Mixed retail locations	1996	< 1950	1523	1	-
WAVRE						
Boulevard de l'Europe 41	Mixed retail locations	2007	> 1980	860	1	-
Rue du Commerce 26	Mixed retail locations	1998	< 1950	242	1	-
Rue du Pont du Christ 46 / Rue Barbier 15	Mixed retail locations	1998	< 1950	319	1	-
WILRIJK						
Boomsesteenweg 666-672	Mixed retail locations	2000	> 1980	4884	4	-
TOTAL PROPERTY IN OPERATION BELGIUM				**92,646**	**130**	**11**

1) Land on long lease

Spain

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
LEON						
Avenida Ordoño II 18	Mixed retail locations	2001	< 1950	591	1	-
MADRID						
Calle de Fuencarral 23	Core city assets	2006	< 1950	256	1	-
Calle de Fuencarral 25	Core city assets	2006	< 1950	120	1	-
Calle de Fuencarral 37	Core city assets	2016	< 1950	611	1	-
Calle José Ortega y Gasset 15	Core city assets	2016	< 1950	396	1	-
Calle Serrano 36	Core city assets	1999	< 1950	615	1	-
Calle Tetuân 19 / Calle Carmen 3	Core city assets	2002	< 1950	429	1	-
MÁLAGA						
Plaza de la Constitución 9	Core city assets	2010	< 1950	273	1	-
TOTAL PROPERTY IN OPERATION SPAIN				3,291	8	-

Assets held for sale

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments
The Netherlands						
AMSTERDAM						
Amstel 8	Core city assets	1987	1905	35	1	3
BEVERWIJK						
Nieuwstraat 9 -11 / Breestraat 65	Mixed retail locations	1989	1910	2,630	4	-
HARDERWIJK						
Winkelcentrum 'Vuldersbrink'	Mixed retail locations	1998	1978	4,735	10	-
SNEEK						
Schaapmarktplein 4	Mixed retail locations	1994	1852	275	1	-
STADSKANAAL						
Navolaan 9, 10, 11, 12	Mixed retail locations	1993	1968	2,080	9	-
ZWIJNDRECHT						
Winkelcentrum "Walburg" 3)	Mixed retail locations	2011	1975	14,174	26	-
France						
MARSEILLE						
Rue Saint Ferréol 29	Mixed retail locations	2006	1980	246	1	-
NANCY						
Rue Saint-Jean 44-45	Core city assets	1998	1990	4,821	6	-
TOTAL ASSETS HELD FOR SALE				28,996	58	3
TOTAL PROPERTY				271,715	583	213

3) Concerns partial ownership

Notes to the property portfolio

- In the Netherlands virtually all leases have been concluded for a period of five years, whereby the lessee has one or more options to renew the lease for another five years. Rents are adjusted annually based on the cost-of-living index (CPI).

- In France, lease contracts are normally concluded for a period of at least nine years, whereby the tenant has the option of renewing or terminating the lease every three years. Depending on the lease conditions, rents are adjusted annually based on the construction cost index (CCI) or based on a mix of the construction cost index, the cost-of-living index and retail trade prices (ILC).

- In Belgium leases are normally concluded for a period of nine years, with an early termination option after three and six years. Rents are adjusted annually based on the cost-of-living index.

- In Spain leases are normally concluded for a minimum period of five years. Rents are adjusted annually based on the cost-of-living index.

Appraisers

- CBRE in Amsterdam, Brussels, Madrid, Paris
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris
- Crédit Foncier in Paris (residential property)

Abbreviations and definitions

11

Abbreviations

AFM	Dutch Authority for the Financial Markets
ATSR	Absolute Total Shareholder Return
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	The Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GDP	Gross Domestic Product
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Dutch Association of institutional property investors
REIT	Real Estate Investment Trust
RTSR	Relative Total Shareholder Return
SIIC	Société d'Investissements Immobiliers Cotées

Definitions

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Cert-Tot *(Type and number of sustainably certified assets)*
Cert-Tot refers to the total number of assets within a portfolio that have formally obtained sustainability certification, rating or labelling at the end of a reporting year.

DH&C-Abs *(Total district heating & cooling consumption)*
DH&C-Abs refers to the total amount of indirect energy consumed from district heating or cooling systems over a full reporting year. In this instance 'indirect' means energy generated off site and typically bought from an external energy supplier.

DH&C-LfL *(Like-for-like total district heating & cooling consumption)*
DH&C-LfL refers to the district heating & cooling consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Direct result
Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

Elec-Abs *(Total electricity consumption)*
Elec-Abs refers to the total amount of electricity consumed. It includes electricity from renewable and non-renewable sources, whether imported and generated onsite.

Elec-LfL *(Like-for-like total electricity consumption)*
Elec-LfL refers to the electricity consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Embedded energy
Embedded energy is the sum of all the energy required to produce any goods or services, considered as if that energy was incorporated or 'embodied' in the product itself.

Energy-Int *(Building energy intensity)*
Energy-Int refers to the total amount of direct and indirect energy used by renewable and non-renewable sources in a building over a full reporting year, normalised by an appropriate denominator.

EPRA Earnings
Recurring earnings from core operational activities. In practice this is reflected by the direct result.

EPRA NAV
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY)
Annualised rental income 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.
Annualised rental income includes any CPI indexation and estimated turnover rents or other recurring operational income but does not include any provisions for doubtful debtors and letting and marketing fees.

EPRA 'topped-up' NIY
This yield is calculated by making 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).

EPRA Vacancy Rate
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Estimated Market Rental Value (ERV)
The rental value estimated by external valuers for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

FSC-certified timber
FSC-certified timber is harvested from forests that are responsibly managed. Responsibly means that ecological, economic and social issues of the present and the future are taken into account. FSC stands for Forest Steward Ship Council.

Fuels-Abs *(Total fuel consumption)*
Fuels-Abs refers to the total amount of fuel used from direct (renewable and non-renewable) sources ('direct' meaning that the fuel is combusted onsite) over a full reporting year.

Fuels-LfL *(Like-for-like total fuel consumption)*
Fuels-LfL refers to the fuel consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Dir-Abs *(Total direct greenhouse gas (GHG) emissions)*
GHG-Dir-Abs refers to the total amount of direct greenhouse gas emissions ('direct' meaning that GHG emissions are generated onsite through combustion of the energy source / fuel) over a full reporting year

GHG-Indir-Abs *(Total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-Abs refers to the total amount of indirect greenhouse gas emissions ('indirect' meaning that GHG emissions are generated offsite during combustion of the energy source) over a full reporting year.

GHG-Dir-LfL *(Like-for-like total direct greenhouse gas (GHG) emissions)*
GHG-Dir-LfL refers to the direct emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years, this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting.

GHG-Indir-LfL *(Like-for-like total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-LfL refers to the indirect emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Int *(Greenhouse gas (GHG) intensity from building energy consumption)*
GHG-Int refers to the total amount of direct and indirect GHG emissions generated from energy consumption in a building over a full reporting year, normalised by an appropriate denominator.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straight-lining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straight-lining of lease incentives.

Gross yield
Theoretical annual rent expressed as a percentage of the market value of the property.

Indirect result
Consists of the value movements and the net result on disposal of property, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

Lease incentive
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Market value
The estimated amount for which a particular property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net Asset Value (NAV)
Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

Net initial yield
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income
Gross rental income less ground rents paid, less net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, property management expenses, insurance, letting costs and local taxes.

Net yield
Theoretical net rental income expressed as a percentage of the market value of the respective property.

Occupancy rate
100% less the vacancy rate.

OECD guidelines
The OECD Guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries (the 34 OECD countries plus 8 non-OECD countries: Argentina, Brazil, Egypt, Latvia, Lithuania, Morocco, Peru and Romania). They provide voluntary principles and standards for responsible business conduct, in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.

Straight lining
Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straight-lining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straight-lining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Transparency Benchmark
Annual survey conducted by the Dutch Ministry of Economic Affairs concerning the content and quality of CSR reporting of the larger Dutch companies.

United Nations Global Compact
A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

Waste-Abs *(Total weight of waste by disposal route)*
Waste-Abs refers to the total amount of waste produced and disposed of via various disposal routes, over a full reporting year.

Waste-LfL *(Like-for-like total weight of waste by disposal route)*
Waste-LfL refers to the waste arising from a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth)

Water-Abs *(Total water consumption)*
Water-Abs refers to the total amount of water consumed within a portfolio, over a full reporting year.

Water-Int *(Building water intensity)*
Water-Int refers to the total amount of water consumption within a building over a full reporting year, normalised by an appropriate denominator.

Water-LfL *(Like-for-like total water consumption)*
Water-LfL refers to the water consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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Supervisory Board

- M.C. van Gelder, Chairman
- J.B.J.M. Hunfeld, Vice-chairman
- C.M. Insinger LL.M., MBA , Chairman Audit and Compliance committee
- M. Bax HM, LL.M., MBA, Chairman Remuneration and Nomination committee

Executive Board

- T.T.J. de Groot MRE MRICS, Chief Executive Officer
- R. Walta, LL.M., MRSE, Chief Financial Officer

Vastned share

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