ANNUAL REPORT 2015

vastned
Venues for Premium Shopping

CONTENT

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PROFILE VASTNED

P.C. Hooftstraat 46-50, Amsterdam

Vastned is a listed European property company that invests in retail property on popular shopping streets of major European cities with a historical inner city, referred to as premium city high street shops. With its high-quality portfolio Vastned is able to offer retailers attractive and authentic retail locations and contribute to the growing demand from consumers for a unique shopping experience. By investing in these historical inner cities and by guaranteeing the quality of historical properties Vastned also contributes to the preservation of national and international cultural heritage. Creating attractive residential space above the shops enhances the liveability and safety of these inner cities. With its strategy Vastned aims to add value for its shareholders, its tenants, its personnel, local communities and visitors to the city.

At year-end 2015 the portfolio represented a value of € 1.6 billion and consisted of 68% premium city high street shops. Vastned also owns retail property in shopping streets in smaller cities as well as Belgian baanwinkels and retail parks, a number of supermarkets and (parts of) some shopping centres.

Vastned's team numbers 50 FTEs divided over five European cities. Together they execute the strategy in a hands-on and pragmatic way in order to create and actively manage a high-quality portfolio, allowing the company to realise more predictable and stable results.

Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of between 40% and 45%.

PREFACE

'DEAR SHAREHOLDERS, TENANTS, COLLEAGUES AND OTHER RELATIONS,

I would like to start this preface by expressing my gratitude to you for your confidence in our execution of the strategy. The good result we achieved in 2015 would not have been possible without the joint efforts of all my colleagues. Thank you for all you have done.

Over the past year, the polarisation in the retail landscape became clearer than ever. For example, we have seen international retailers like Ted Baker, Manila Grace en Falke expanding their number of their shops. On the other hand, there were retailers like V&D and Macintosh that went out of business. In order to remain successful, retailers will have to continue to be distinctive; for example by investing in their (online) supply, in service and in the quality of their staff, and in their physical and online stores. This is the only way that existing retailers can compete with new market entrants, who approach customers in new ways.

Our focus on premium city high street shops ensured that we realised good results in 2015. Our objective is to increase the share of premium city high street shops in the property portfolio, and we have made good progress on this once again in 2015. We made fantastic acquisitions in premium cities Amsterdam, Antwerp and Paris for € 164 million in total, and on the other hand we divested non-strategic assets of € 86 million in cities like Capelle aan den IJssel, Rotterdam, Angers and Vilvoorde. In doing so, we increased the share of premium city high street shops from 60% at year-end 2014 to 68% at year-end 2015.

The good results from the premium city high street shops confirm our strategic choice for this type of property. With an occupancy rate of nearly 100%, 2% like-for-like gross rent growth and value increases of 6%, the premium city high street shops performed very well.

In the area of financing, too, we have made strong progress: at 41.6% the loan-to-value remained within the desired range of 40%-45%, and the average interest rate fell from 4.1% in 2014 to 2.8% in 2015, which sharply reduced our financing costs. The lower financing costs together with the (timing of) acquisitions and divestments were instrumental in the rise of the direct result, which in 2015 was € 2.58 per share, up from € 2.44 per share in 2014.The indirect result in 2015 was € 0.86 positive per share, against € 0.77 negative per share in 2014. This increase was due to the positive sales proceeds and the value increases on the premium city high street shops.

Next to improving the quality of the portfolio and financing, we also took steps in the area of corporate social responsibility. Vastned mainly focuses on preserving cultural heritage and on contributing to the liveability of historical inner-cities. Creating and renovating apartments above shops is an important part of this. In 2015 we have started a number of projects that we will finish this year, in which energy-saving measures are taken and only sustainable materials are used.

In 2016 we will make further steps in the execution of the strategy. The focus will remain on selling riskier, i.e. higher yielding property, especially in the Netherlands, and on acquiring less risky and lower yielding property. This in combination with our expectation that primarily in the Netherlands retailers will continue to struggle, we anticipate a direct result for 2016 of between € 2.30 and € 2.40 per share. Furthermore, a conservative financing profile and a proactive and hands-on organisation remain key preconditions for a successful execution of our strategy.

I would also like to comment on the theme of this year's annual report. We have chosen top-level sport as a metaphor, because our focus on premium city high street shops in Europe is in many ways similar to the focus and attitude of a top athlete, especially in terms of the strategic thinking and the dedication of our employees. But there are other similarities, too. Top-level sport demands motivation, focus and confidence. And this confidence is achieved by our results, and the resulting appreciation of our shareholders. Focus, motivation and team work are qualities that are vital for us to successfully execute our strategy. To explain our metaphor further, we have interviewed a number of top athletes. In these interviews they give their own personal views on the essence of their lives and give us inspiration for the coming year.'

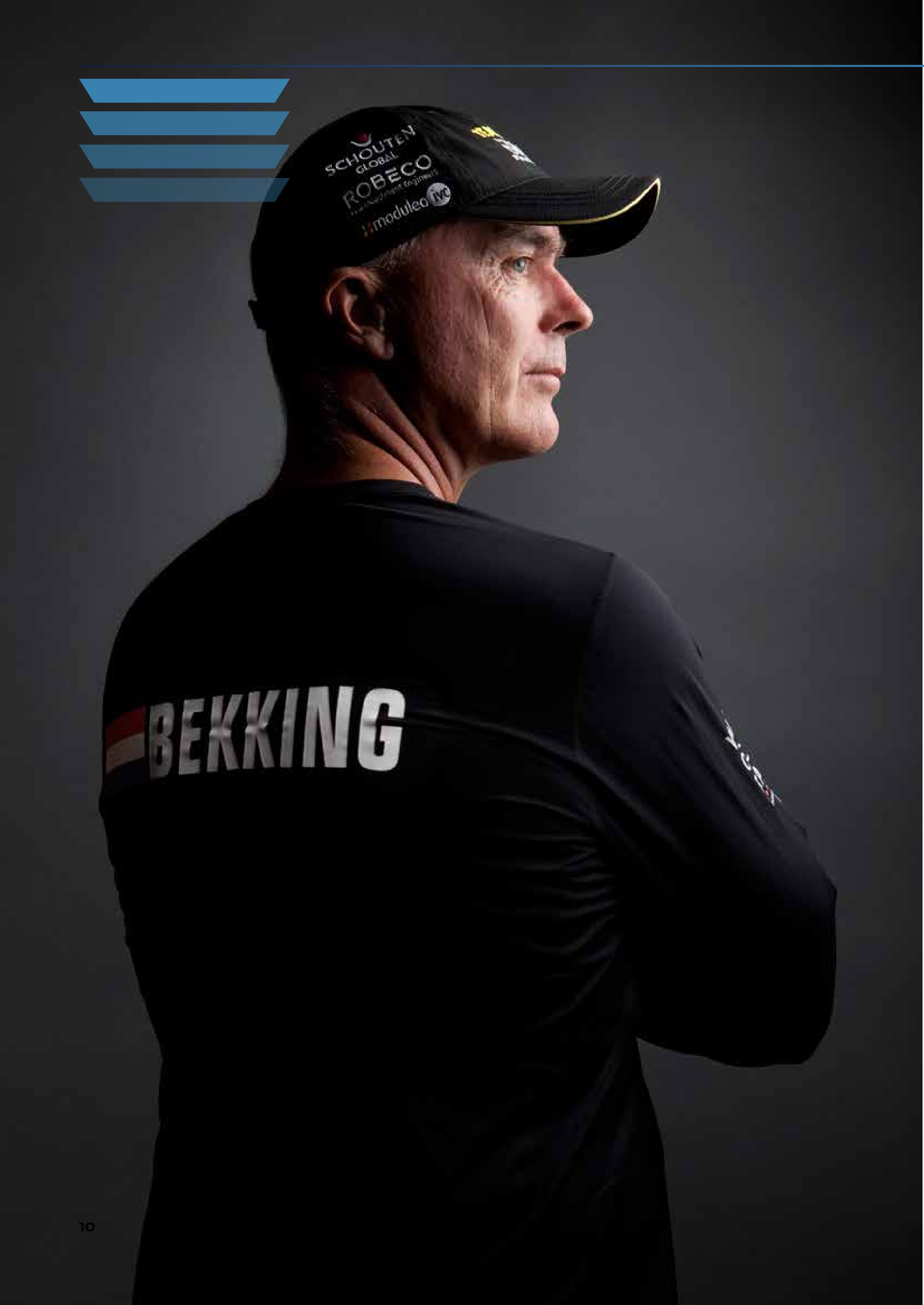
Rotterdam, 8 March 2016

Taco de Groot,
CEO Vastned Retail NV

‘**Tactics** play a role when we are sailing close to other boats’

Interview with Bouwe Bekking

Bouwe Bekking’s name is almost synonymous with the Volvo Ocean Race. In 2015, Bekking skippered the Dutch Team Brunel to a second place in the most famous around-the-world sailing race. Proving that you’re never too old to win a major sports award, at the age of 52, Bekking won the Conny van Rietschoten trophy for the best sailor of the Netherlands. Last summer, We had the privilege of witnessing the start in Scheveningen and seeing up close how every action on board impacts the boat’s speed and course. Concentration was optimal.



‘It’s a great feeling to surf down a big wave and see your boat reaching 35 or 40 knots’

What do you do to stay focused?
‘We often have very long races, when we may be at sea for weeks on end. You have to make sure that everybody is on the ball at all times. You have to look out for each other. If you see someone nodding off, you have to nudge him in the ribs and tell him he’s not here on his own but with a whole team. It’s also your own responsibility to stay awake.

When we’re at sea, we get all kinds of data about wind, currents and speed. That is you might say the theoretical speed. But of course we always try to beat it. Any dip in concentration shows up in the analyses. We are constantly analysing why we are going slower than we want. Of course it may be the wind - perhaps the wind is different from what we measure at the top of the mast, that there are fewer molecules in it. But it may also be a brief loss of concentration so the sails are not perfectly set. We can see that immediately. It is often the navigator or myself who picks that up from the displays. Then we jump into action. Ocean sailing is a very technical process that requires total concentration.’

What kind of molecules do you mean?
‘The warmer it is, the less density there is in the movement of the air. That makes winds more powerful. When you’re in the Southern Ocean, twenty knots feels like three or four. The wind simply exerts more pressure. That is why a normal storm in the Southern Ocean feels like a gigantic storm. Strange as it seems, it is really true that storms in the southern hemisphere are more violent than in the northern.

How do you maintain team spirit?
‘We operate a watch system on board. If someone gets injured - which can happen - the other crew members have to fill in for him. That is in fact one of our strengths as a crew, that we are flexible, we can cover each other’s positions. We always have to help each other. If you see somebody’s having a problem, you don’t just stand there. You help them, showing that you’re team. That is a great way to maintain team spirit.

To what extent does the skipper set the tactics on board?
‘Tactics play a role when we are sailing close to other boats. That’s when I like to set the tactics of how we can stay ahead of the other boats - what I call ‘short-term tactics’. I love short races. It’s a great feeling to surf down a big wave and see your boat reaching 35 or 40 knots. But best of all is seeing the sunrise in the morning. That’s when you truly experience nature. And that’s when I think: I’m a lucky man to have this job.’

At the end of the day, it is results that count. Can you also play badly, I mean sail badly, and still win?
‘Definitely. There have been races that we sailed below par but still got a result. Of course, we have all this data. And you see that we sometimes could have sailed better. So why did we win? Perhaps we made fewer errors than the others. The opposite can also happen, that you sail very well but still get beaten, that after 35 days you finish in fourth place forty minutes after the winner, and that you’ve sailed just a tenth of a mile slower. That is very frustrating, knowing that you’ve sailed well, but didn’t get a good result.

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ABOUT VASTNED

VISION, MISSION & CORE VALUES

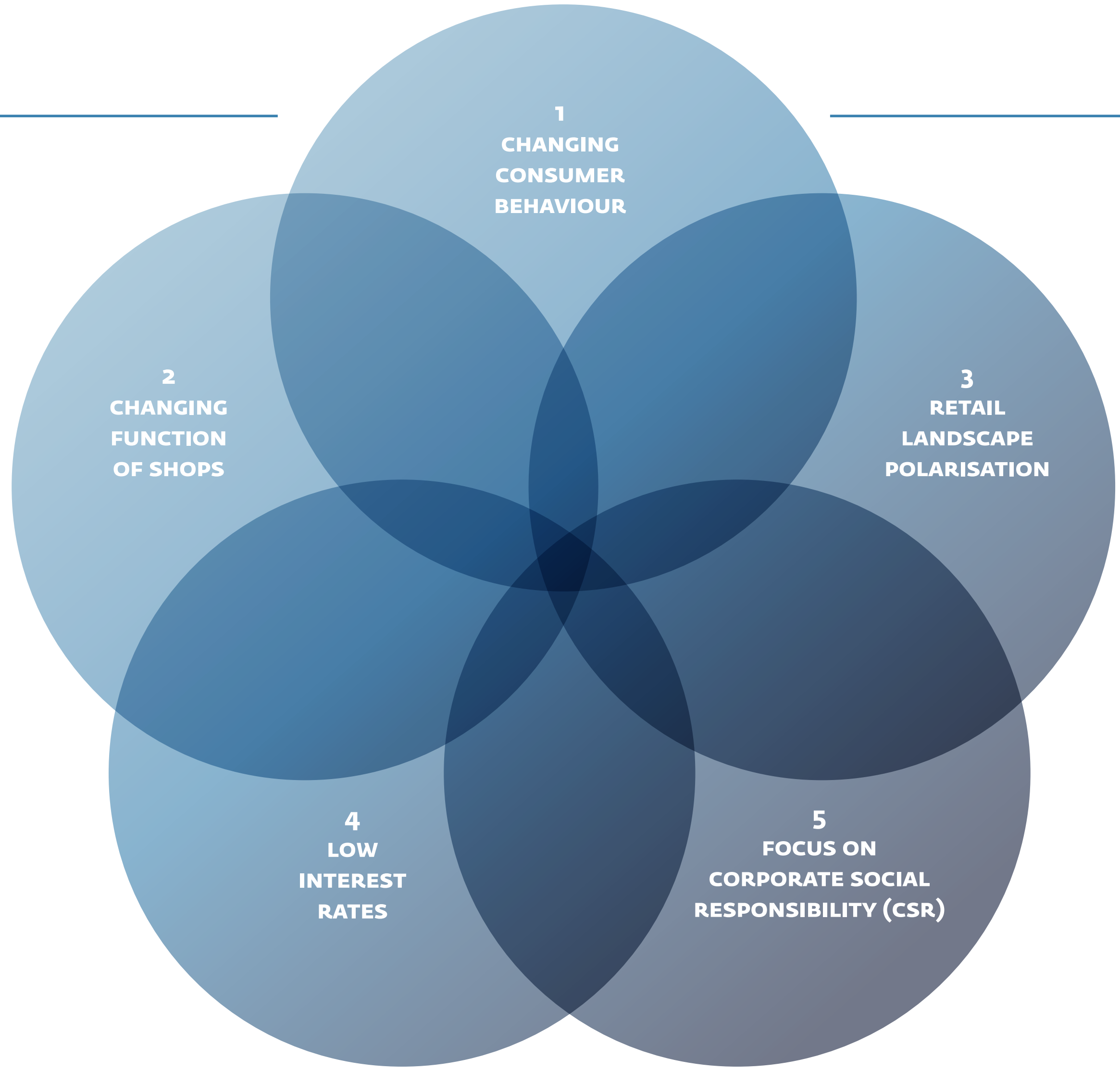
VISION
The retail landscape remains in flux due to the changing behaviour of the consumers and, inextricably linked, the transformed function of shops. Consumers have long since stopped coming to shopping streets merely out of necessity, and are increasingly visiting for leisure. This coincides with rising online consumer spending. As a result, in recent years the physical shop has developed from purely a sales outlet into an essential part of a brand strategy. We expect this trend to continue. While shopping streets in smaller and medium-sized cities are facing difficult times, demand for retail units in the popular shopping streets in major European cities continues to rise because consumers prefer to shop in these streets and retailers are best able to market their brand there. The function of small and medium-sized shopping centres and shopping streets in smaller cities will change. These will increasingly become locations for convenience shopping; and major fashion retailers will consequently avoid them.

MISSION
Vastned's mission is to invest in retail property in the most popular shopping streets of major European cities with historical inner cities in order to realise more predictable and stable results in the long term and contribute to the preservation of (inter)national cultural heritage and the liveability and safety of these historical city centres.

CORE VALUES
At Vastned the following core values are of paramount importance: pro-activeness, quality, entrepreneurship, result-orientated thinking and team spirit. By working together with tenants and thinking in a solution-orientated manner Vastned adds value. Acting adequately and rapidly is required to best serve our customers, the retailers, and make optimum use of market opportunities in terms of acquisitions and divestments.

VASTNED'S PLAYING FIELD

As an investor in retail property Vastned deals with a range of different parties, such as other direct property investors (private, institutional, listed and not listed) and indirect property investors (private and institutional). Of course, retailers, consumers, municipalities and local communities also play a role in Vastned's playfield. The following developments are key to the company's business:



1 CHANGING CONSUMER BEHAVIOUR
The overwhelming retail supply, both online and offline, has given consumers a wealth of choice. But consumers have also become more demanding, and as a result they are less loyal to any particular retailer, so that retailers now have to fight for every customer. This, combined with the economic crisis of recent years, has presented some retailers with great challenges. Successful retailers offer the benefits of both the digital world and the physical shop and have perfectly integrated online and offline shopping. They know how to retain their customers by being customer-oriented and innovative, by taking on and training good personnel, and by offering customers a user-friendly online platform. For retail property investors like Vastned it is important to attract the right tenants and where possible to replace unsuccessful retailers in order to prevent possible vacancy due to tenant bankruptcies.

2 CHANGING FUNCTION OF SHOPS
The function of shops has changed dramatically over the past few years. Shops are more than just sales outlets and consumers have to be able to identify themselves with a brand. This results in retailers placing different requirements on their shops. One may opt for a larger one, another intentionally for a smaller one. Also, the location is becoming increasingly more important; where are my customers and where do they like to shop? By creating a portfolio with a varied supply of larger and smaller retail units in popular shopping streets of major European cities, Vastned is able to meet this demand.

3 RETAIL LANDSCAPE POLARISATION
The developments described above have created a polarisation in the retail landscape. The fact that successful retailers are becoming ever more particular about the location of their shop results in increasing demand for retail units in the popular shopping streets of big cities, leading to higher rents, valuations and occupancy rates. The opposite, however, is taking place in the shopping streets of smaller cities and towns and in (smaller to medium-sized) shopping centres, where demand for retail units is declining.

4 LOW INTEREST RATES
Due to low interest rates and the glut of money in the market, capital streams are increasingly being directed at property. For Vastned, low interest rates mean lower financing costs, but also that the competition for acquiring premium city high street shops is rising. While a few years ago the high street property market was dominated by private investors, nowadays also institutional investors like pension funds and insurance companies have entered the market. Demand for second-tier property also appears to be getting stronger, which creates opportunities for Vastned to sell non-core property.

5 FOCUS ON CORPORATE SOCIAL RESPONSIBILITY (CSR)
Over the past few years, Vastned has prioritised CSR by creating a CSR taskforce led by the CEO. The main responsibility of the taskforce was to define a CSR policy and formulate non-financial objectives. In addition, Vastned now also annually reports on its CSR results. Investors, too, have been devoting more attention to CSR. Pension funds like APG and PGGM have stated that they will reduce their investments in companies that they consider as insufficiently sustainable. It is no longer just specialised Socially Responsible Investment Funds that focus on non-financial information.

STRATEGY

DESCRIPTION OF BUSINESS MODEL

Vastned invests in the best property on popular shopping streets of a selected number of bigger European cities with a historical inner-city and Istanbul. Vastned rent these retail units on a core and shell basis. This means that retailers can exploit the premises as they wish. Premium city high street shops are distinct from shopping centres, retail warehouses and retail parks in that they have a longer life cycle. This limits capital expenditure (capex) and maximises the conservation of embedded energy. Vastned's result is comprised of the direct and the indirect result. The direct result mainly consists of rental income from retail units, while the indirect result is mostly determined by the value movements in the portfolio.

Key parameters influencing the income are the occupancy rate and rent levels. Our results over the past few years show that the better the location, the higher the occupancy rate and the higher the rental values, per m² the more stable the property values.

DIRECT RESULT

- Rental income
  - Size and quality of the portfolio
  - Rental levels
  - Occupancy rate
- Operating costs
  - Size of the portfolio/ organisation
  - Net service charge expenses
    - share of premium city high street shops
    - Occupancy rate
- Financing costs
  - Interest-rate development
  - Fixed versus floating interest rates
  - Size of the loan portfolio
  - Duration of the loan portfolio

INDIRECT RESULT

- Value movement of the portfolio
  - Quality of the portfolio
  - Capex
- Sales proceeds
  - Total amount of divestments
  - Market demand and financing possibilities

VALUE CREATION

Investing in and extending the life cycle of the premium city high street shops adds income and value while also contributing to the preservation of (inter)national cultural heritage and the liveability and safety of historical inner cities. A well maintained inner city with historical buildings enhances consumers' shopping enjoyment, attracts tourists and ensures a (greater) sense of safety for the people living there.

STRATEGY

Vastned's strategy is built on three pillars:

1 PORTFOLIO

At year-end 2015, 68% of Vastned's portfolio existed of premium city high street shops. In order to grow this ratio to 75%, Vastned will invest in the popular shopping streets of a selected number of European premium cities. The focus is on expanding the holdings in the markets, in which Vastned is already active. Vastned will work towards this goal pragmatically, without setting targets per city or country. It will use opportunities as they present themselves. The quality of the portfolio prevails, not growth as such. Merely the confirmation of the strategy in itself is not a sufficient argument for an acquisition or divestment. There must be some 'edge' that allows us to add value. Possibly by joining two units together or by creating apartments above the shops. In addition, Vastned will divest retail units in smaller cities and shopping centres that do not contribute to results that are more predictable and stable in the long term.

Risky property is divested if opportunities present themselves, and premium city high street shops with a lower risk profile are acquired.

2 ORGANISATION

The high street property market is dominated by private ownership. Expanding and actively managing a premium city high street shop portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are essential for this. Employees are encouraged to think and act out of the box. Direct contacts and a horizontal organisation ensure fast response times. For its tenants, Vastned is an organisation that speaks their language, is flexible and acts effectively. Vastned offers its employees a healthy working environment and the opportunity to be part of a compact, ambitious team that is keen to make things happen.

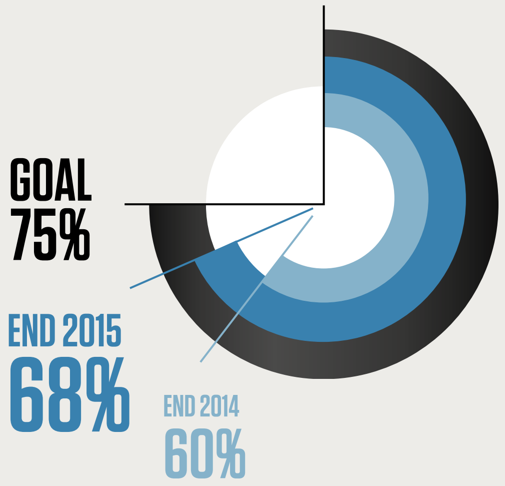
3 FINANCING

A conservative financing strategy is in line with the goal to realise more predictable and stable results. That is why Vastned aims to keep the loan-to-value between 40% and 45% and expand its sources of financing, whereby the share of non-bank financing is to comprise at least 25% of the total loan portfolio. With regard to the interest rate risk, the company intends for two-thirds of the loan portfolio to be fixed interest.

OBJECTIVES

In early 2014, Vastned sharpened its objectives. In addition to these objectives, in 2014 Vastned also drew up separate CSR objectives, which also contribute to generating more predictable and stable results.

PORTFOLIO



Objective: Growth of share of premium city high street shops to 75% of the total portfolio

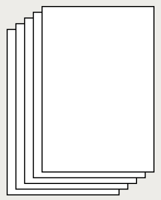
ORGANISATION

Objectives:

- Raising the quality of the organisation is a constant point of attention +
- Reducing environmental impact −
- Promoting the health and well-being of its employees +
- Contributing to society +
- One third of the contracts concluded on premium city high street shops will contain a green clause — IN 2015 56%

END 2015
56%

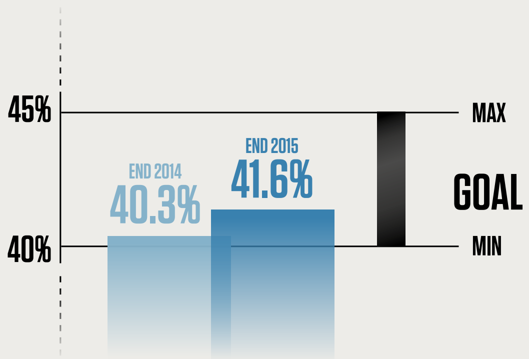
Objective: Growth of the number of assets in our portfolio with an EPC (Energy Performance Certificate) to 45% at year-end 2015



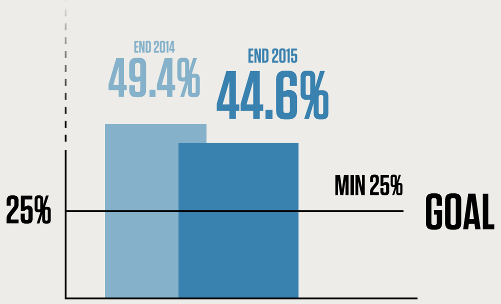
IN 2015
-8%

Objective: 5% reduction of paper usage at the head office in the Netherlands at year-end 2015

FINANCING



Objective: Loan-to-value of between 40% and 45%



Objective: At least 25% non-bank financing

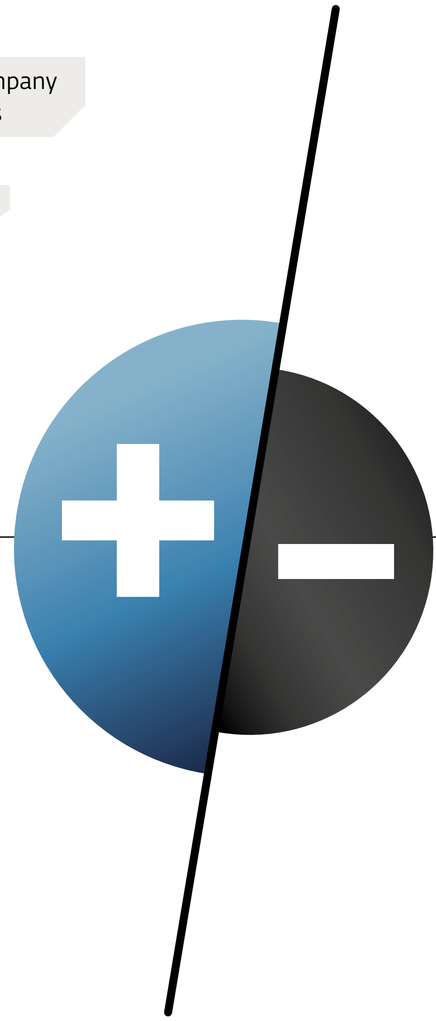
SWOT ANALYSIS

STRENGTHS

- The only listed Pan-European property company focusing on premium city high street shops
- Low cost base and low investment costs
- Compact team of specialists in an effective and horizontal organisation
- Solid financial position

WEAKNESSES

- Transition in part of the portfolio not yet fully complete
- Available financing insufficient for making large acquisitions
- Relatively high costs of listing compared to size of portfolio



OPPORTUNITIES

- Interest for top retail locations from retailers rising sharply
- Rising consumer spending
- Low interest rate results in low financing costs

THREATS

- Geopolitical developments
- Bankruptcies of retail chains
- More competition from institutional investors for high quality retail property

COMPOSITION MANAGEMENT TEAM

TACO T.J. DE GROOT MRE MRICS

Chairman of management team, CEO and statutory director

Nationality
Dutch
Joined the company
1 September 2010
In present position since
1 September 2011
Committees
CSR taskforce
Other positions
Eurindustrial NV (acting SB) / Vereniging Dierenbescherming Nederland (BoT)
Relevant experience
MSeven LLP Real Estate and Fund Management (partner, fund manager) / GPT Halverton LLP (CIO) / Habion (BoT) / Cortona Holdings (CEO) / DTZ Zadelhoff (Letting and Investment Broker)

REINIER WALTA MSRE

Member of management team, CFO and statutory director

Nationality
Dutch
Joined the company
1 November 2014
In present position since
1 November 2014
Committees
-
Other positions
-
Relevant experience
ADIA (Senior Transaction Manager) / ING Real Estate Investment Management (Director) / ING Real Estate (Senior Tax Manager) / PwC (property tax lawyer)

ARNAUD G. H. DU PONT LL.M.

Member of management team, Managing Director Operations & Investments

Nationality
Dutch
Joined the company
1 January 2000
In present position since
1 November 2012
Committees
CSR taskforce
Other positions
-
Relevant experience
Vastned (General Counsel / Investor Relations Manager) / BDO and PwC (property tax lawyer)

MARC C. MAGRIJN LL.M.

Member of management team, General Counsel & Tax Manager

Nationality
Dutch
Joined the company
1 January 2012
Committees
-
Other positions
-
Relevant experience
Property tax lawyer with Deloitte and EY

ANNEKE M. HOIJTINK MSC

Member of management team, Investor Relations Manager

Nationality
Dutch
Joined the company
1 November 2012
Committees
CSR taskforce
Other positions
member of the board of the Dutch Association for Investor Relations (NEVIR)
Relevant experience
BinckBank (Manager Investor Relations) / Achmea (Investor Relations Officer)

FROM LEFT TO RIGHT:
Marc Magrijn
Arnaud du Pont
Taco de Groot
Anneke Hoijtink
Reinier Walta

COMPOSITION OF THE SUPERVISORY BOARD

WOUTER J. KOLFF

Chairman of the Supervisory Board

Nationality
Dutch
Appointed
4 April 2006
Committees
-
Present positions
Strategic Global Advisor Yes Bank, India
Relevant experience
Rabobank International (EB) / ABN AMRO Bank Belgium (EB)

MARC C. VAN GELDER MA, MBA

Vice-chairman of the Supervisory Board

Nationality
Dutch
Appointed
24 April 2015
Committees
Remuneration and nomination committee
Present positions
GIMV (SB) / Action (SB) / Maxeda (SB) / Diabetes Fonds (BoG, chairman) / Helen Dowling Instituut (BoT) / Paleis Het Loo (BoT)
Relevant experience
Mediq (CEO) / OPG Groep (EB) / Peapod (CEO) / Ahold / McKinsey / Drexel Burnham Lambert

CHARLOTTE M. INSINGER LL.M., MBA

Chair of the Audit- and Compliance committee

Nationality
Dutch
Appointed
24 April 2015
Committees
Audit- and Compliance committee (chair)
Present positions
SRH (SNS Reaal) (RB) / SNS Bank (RB) / Ballast Nedam (RB) / Lucht Verkeersleiding Nederland (BoG) / Stichting World Expo Rotterdam 2025 (BoT, chairman) / Stichting Nederlands Filmfonds (BoT) / Hogeschool Rotterdam (BoG)
Relevant experience
Erasmus Medisch Centrum (CFO) / Shell / Robeco (Fund Administration Services) / Vesteda Residential Fund (SB)

MARIEKE BAX LL.M., MBA

Chair of the Remuneration and Nomination Committee

Nationality
Dutch
Appointed
2 May 2012
Committees
Remuneration and Nomination Committee (chair)
Present positions
Vion Food Group (SB) / Corbion Nederland BV (SB) / KPMG Nederland (advisor to the Board) / member of Board of Governors of Governance University / Professional Boards Forum (adviser to the Board) / Fonds Podiumkunsten (BoG) / Frans Hals Museum (BoG) / Credit Lyonnais Securities Asia (BoD)
Relevant experience
Founder of 'Talent naar de Top' / ASR Verzekeringen (SB) / Gooseberry Amsterdam (MP) / Hot-Orange Amsterdam (CFO) / Sara Lee (Head of M&A & Strategy Europe) / Linklaters & Paines London / Securities and Investments Board London

JEROEN B.J.M. HUNFELD

Member of the Supervisory Board

Nationality
Dutch
Appointed
4 April 2007
Committees
Audit and Compliance Committee
Present positions
Vroegop en Ruhe (SB)
Relevant experience
BBDO Nederland (CEO) / Koninklijke Vendex KBB (COO) / Ahold / Albert Heijn

FROM LEFT TO RIGHT:
Marieke Bax
Charlotte Insinger
Wouter Kolff
Marc van Gelder
Jeroen Hunfeld

‘**Results** boost your confidence’

Marko Vejinovic

When we asked Daley Blind in Manchester recently who was the best player he had played with in the Ajax youth development teams, he said without hesitation: Marko Vejinovic. Yet Blind is playing with Manchester United and in the Dutch national team, while Vejinovic played with FC Utrecht, AZ, Heracles and Vitesse.

‘And success and results are what you do it for. That’s what it’s all about’

Only this year he had his break-through. With Feyenoord, which paid Vitesse over three million euros for him, Vejinovic is playing so well that in November he was to make his international début in the Dutch national team in a match against Germany, but that was cancelled due to the threat of a terrorist attack.

Vejinovic’ awareness of the importance of concentration is second to none.
‘I have a step-by-step plan to prepare for matches now: I get up early, eat a healthy breakfast, and then I take a walk outside with just one goal: focusing on the game ahead. I walk for half an hour or so, sometimes alone, sometimes with my wife and the dog. I’ll take in the surroundings, enjoy the fresh air, and think about the opposition. Who am I marking, where do I position myself, what can I expect? Sometimes my wife helps to sharpen my mind, she also knows about football. For example, she asks questions about my opponent, what are his strong and weak points, and how can I respond to them?’

When you are in a training camp, how do you prepare for a game?
‘Then the lead-up to the game is fully fixed. I’ll take a nice shower just before we leave for the ground, and then I’ll play some music.’

Do you get nervous?
‘When I do, it just helps me to focus. I always have music with me, but I don’t always play it. In fact, I don’t have a favourite type of music.’

Do you have any fixed rituals during your warming-up?
‘When we play at home, I pick one of my team mates, usually Jens Toornstra, and we play keepie-uppie. Keepie-uppie helps to exercise your leg muscles and sharpens up your technique, so you’re ready for the game.’

Did somebody teach you that?
‘I have always had a certain focus, but as I’ve got older I’ve started to push myself more and more. You learn what works best for you, for your body and mind.’

Is there such a thing as bad focus?
‘Definitely. In the past I used to go to bed late, I would eat unhealthily and lacked the right focus. I am convinced that focus starts with the right way of living your life and preparing. I didn’t used to do that, but now at Feyenoord I do. You might say that I woke up when I was at Vitesse.’

And how does this translate into the match?
‘It makes it much easier to keep going for ninety minutes. I used to lose concentration partly because I hadn’t prepared properly. And you also get tired more quickly.’

After changing your attitude, you were discovered by Feyenoord and found success.
‘And success and results are what you do it for. That’s what it’s all about. Results give you a boost and raise your confidence. Winning is a great feeling. Of course I always wanted to win, but I didn’t really use to do what it takes.’

Are you a team player?
‘Yes, I’ve always been a real team player. I want to help the team with my skills, but also with coaching and with my attitude. You can’t win games on your own. My team mates know what I think, I’m always open and honest. If something isn’t right, I’ll speak up. But also when something is right.’

What do you still need to improve?
‘The latest thing is that I’m spending a lot of time in the gym, I go in almost every day. I’m training as hard as I can, and I’ve gained several kilos in muscle mass since August.’

Do you have an important, central role in the team?
‘Yes, I’m in a key position on the pitch. I am in the centre of the movement from defence to the forwards. I am charged with the build-up, with making the team work. That also means that I have to coach people and tell them their place. And I take corners and free kicks.’

Results are also expressed in goals.
‘Correct, I haven’t scored any goals for Feyenoord yet. But that will come. I have to be a playmaker. The goals will take care of themselves.’

2

2015 KEY FIGURES

FINANCIAL KEY FIGURES 2011–2015

RESULTS (IN € MILLION)	2015	2014	2013	2012	2011
Gross rental income	93.2	96.4	123.2	133.5	132.5
Direct result	49.2	46.5	54.2	62.5	67.0
Indirect result	16.3	(14.8)	(145.4)	(103.5)	29.1
Result	**65.5**	**31.7**	**(91.2)**	**(41.0)**	**96.1**
BALANCE SHEET (IN € 1.000)					
Properties	1,647.9	1,538.8	1,694.4	1,981.0	2,129.0
Equity	901.0	866.0	866.2	1,018.4	1,105.7
Equity Vastned Retail shareholders	816.6	782.2	784.9	899.7	1,000.4
Long-term liabilities	692.1	641.8	580.9	753.0	835.7
Average number of share in issue	**19,036,646**	**19,036,646**	**19,036,646**	**18,876,591**	**18,574,595**
Number of shares in issue (at year-end)	**19,036,646**	**19,036,646**	**19,036,646**	**19,036,646**	**18,621,185**
PER SHARE (IN €)					
Equity Vastned Retail shareholders at the beginning of the year (incl dividend)	41.09	41.23	47.03	53.66	52.75
Final dividend previous financial year	(1.27)	(1.63)	(1.54)	(2.52)	(2.58)
Equity Vastned Retail shareholders at the beginning of the year (excl dividend)	**39.82**	**39.60**	**45.49**	**51.14**	**50.17**
Direct result	2.58	2.44	2.85	3.31	3.61
Indirect result	0.86	(0.77)	(7.64)	(5.48)	1.56
Result	**3.44**	**1.67**	**(4.79)**	**(2.17)**	**5.17**
Other movements	0.38	0.55	1.45	(0.70)	(0.53)
Interim dividend	(0.74)	(0.73)	(0.92)	(1.01)	(1.09)
Equity Vastned Retail shareholders at year-end (incl end dividend)	**42.90**	**41.09**	**41.23**	**47.26**	**53.72**
EPRA NNNAV	42.31	40.42	41.17	47.70	55.07
Share price (at year-end)	42.35	37.45	32.99	32.75	34.60
Dividend in cash	2.05 [1]	2.00	2.55	2.55	3.61
or in cash	-	-	-	-	1.09
and in shares charged to the share premium reserve	-	-	-	-	7.75%
Solvency ratio (in %)	56.0	56.5	51.5	51.5	52.6
Loan-to-value ratio (in %)	41.6	40.3	44.6	43.9	43.1

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

KEY FIGURES PROPERTY PORTFOLIO

KEY FIGURES PROPERTY PORTFOLIO	Premium city high street shops	High street shops	Non-high street shops	Total
Number of tenants [1]	241	269	242	752
Theoretical gross rental income (in € million)	53.7	21.6	20.9	96.2
Market rent (in € million)	57.5	20.1	19.0	96.6
(Over-)/underrent (in %)	6.7	(7.6)	(10.3)	0.4
Average occupancy rate (%)	98.6	93.4	95.2	96.5
Occupancy rate at year-end (in %)	99.7	95.5	95.6	97.9
Number of properties	179	156	45	380
Investment property (in € million)	1,123	286	239	1,648
Investment property (in %)	68	17	15	100
Average size property (in € million)	6.3	1.8	5.3	4.3
Lettable floor area (in '000 sqm)	97.4	93.4	150.6	341.4
EPRA topped-up net initial yield (in %)	4.1	5.9	6.9	4.8
SECTOR SPREAD PER COUNTRY				
Netherlands	57	24	19	100
France	89	10	1	100
Belgium	59	16	25	100
Spain/Portugal	72	19	9	100
Turkey	100	-	-	100
Total	**68**	**17**	**15**	**100**
AVERAGE RENT PER SQM (IN €)				
Netherlands	524	203	164	251
France	664	398	121	475
Belgium	392	312	111	210
Spain/Portugal	1,288	314	98	365
Turkey	653	-	-	653
Total	**551**	**232**	**139**	**282**
OCCUPANCY RATE AT YEAR-END 2015 (IN %)				
Netherlands	99.7	94.8	96.3	97.3
France	99.5	92.9	85.7	97.7
Belgium	100.0	98.1	95.7	98.3
Spain/Portugal	100.0	100.0	100.0	100.0
Turkey	99.5	-	-	99.5
Total	**99.7**	**95.5**	**95.6**	**97.9**

1) Excluding apartments and parking places

2015 KEY EVENTS

JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

31.03 Vastned strengthens its position in Antwerp with the acquisition of Schutterhofstraat 22 and Korte Gasthuisstraat 17/ Groendalstraat 18 for € 15 million

24.04 Vastned acquires P.C. Hooftstraat 35 and 37 for € 11 million and welcomes Ted Baker's first flagship store at Leidsestraat 64-66 in Amsterdam

24.04 The portfolio in Angers, France, is divested for € 20 million, 5% above book value

28.04 Charlotte Insinger and Marc van Gelder are appointed as members of the Supervisory Board, Jeroen Hunfeld is reappointed to the Supervisory Board and Taco de Groot is reappointed as CEO

22.05 The premium city high street shop portfolio in Amsterdam is expanded by € 108 million with the acquisition of Kalverstraat 11-17/Rokin 12-16

20.08 Vastned expands in Antwerp with the acquisition of Graanmarkt 13 for approx. € 6 million

20.08 The forecast for the 2015 direct result is adjusted upwards from € 2.10 - € 2.30 per share to € 2.40 - € 2.50 per share

15.09 Vastned expands its premium city high street shop portfolio further with the acquisition of Schutterhofstraat 55, Antwerp for € 5 million

15.10 Vastned finalises divestment of Rue de Porte Dijeaux 35-37, Bordeaux for € 16 million, 9% above book value as at 30 June 2015

22.10 Vastned expands its French portfolio with first acquisition in Le Marais, Paris for € 16 million

22.10 Vastned confirms forecast for direct result 2015 of at least € 2.50 per share

22.12 Vastned divests non-core property in Belgium for € 26 million

Korte Gasthuisstraat 17 / Groendalstraat 18, Antwerp

Rue des Rosiers 3ter, Paris

Marc van Gelder

Charlotte Insinger

‘Refereeing a match is real **teamwork**’

Björn Kuipers

For years, Björn Kuipers has been the best referee of the Netherlands and one of the best in the world. He is one of the panel of elite referees for major games in the Champions League and international games, and that makes him an ambassador of the Netherlands. Referees can never relax. A career can be broken in a single second. If there is one top athlete that has to be fully concentrated, it has got to be a football referee.

'Collaboration within the team is incredibly important for a referee. That is the name of the game, and I trust my assistant referees completely'

If there is one top athlete that has to be fully concentrated, it has got to be a football referee.
'That's right. You can't miss a thing, that's why it is so important to have a good team. It is also vital to have confidence in yourself and in your team. Concentration and focus start when you are assigned to a match. I recently refereed a key competition match in Saudi-Arabia for 60,000 spectators. The Saudis had asked the Dutch Football Association to send me. My preparation started by asking a video analyst to send me pictures of previous games of the two clubs. Who is playing who, who are the defining players, how do they play, how do players react to referee decisions? We discussed all these points on the plane to Saudi Arabia. The match went very well, and that's very satisfying. In the Netherlands, I start concentrating in the car on the way to the game. I tend to be pretty relaxed at that point. At the ground I meet my team, and we know exactly what to do.'

Can you lose concentration?
'Yes, of course. It can happen to players and managers, but also to a referee. For example when the game is pretty much over, when it's 3-0 or 4-0. Then you may take your foot off the gas for a second. You are not supposed to, but it's just human. The importance of having a good team is that we can tell if one of us is just not quite on the ball. And that we then drag him back, saying: "Hey, stay with it!" My team keeps me on my toes, and vice versa. Collaboration within the team is incredibly important for a referee. That is the name of the game, and I trust my assistant referees completely.'

Do you discuss errors that you have made?
'Yes, using video analysis. We get the video material pretty quickly. Sometimes we already know during the interval whether a decision was right or wrong, but after the game we certainly do. If we have made an error - and I say "we" intentionally, then we have to discuss it in the minutest detail. How did it happen, could we have avoided it? Because let's be fair, wrong decisions do happen. When they do, most of all you have to support each other, rather than slate each other. And make the person making the mistake strong again for the next match. And that is what I try to do. If I have made the error, they must tell me so. That is our fate: nobody ever talks about the right decisions. But that's part of the game.'

Team spirit is incredibly important, as a referee you always stress that you are a team.
'That's right, I completely rely on my assistant referees. Refereeing a match is real teamwork. Before the game starts, I give instructions as to who is to focus on what, free kicks or corner kicks or whatever. I took important decisions, like a penalty, on the advice of one of my assistants. And it proved to be the right decision. That is very satisfying for the whole team. We discuss everything together, but at the end of the day the final responsibility is all mine.'

And what has been the crown on the career of the manager of a Jumbo branch?
'I have had quite a few great moments. It should have been in 2014, the final of the World Championship. That would have been the crown on my career, but the Dutch national team blocked it, kept me from the final. That can happen, I can live with that. The Netherlands were simply playing very well. The Dutch national team had some great years up to 2014. Now it hasn't qualified for the European Championships in 2016, I would love to be in charge of the final in Paris in 2016. I am really looking forward to that - it would truly be the crown on my career.

3

SHAREHOLDER INFORMATION

INFORMATION ON THE VASTNED SHARE

ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

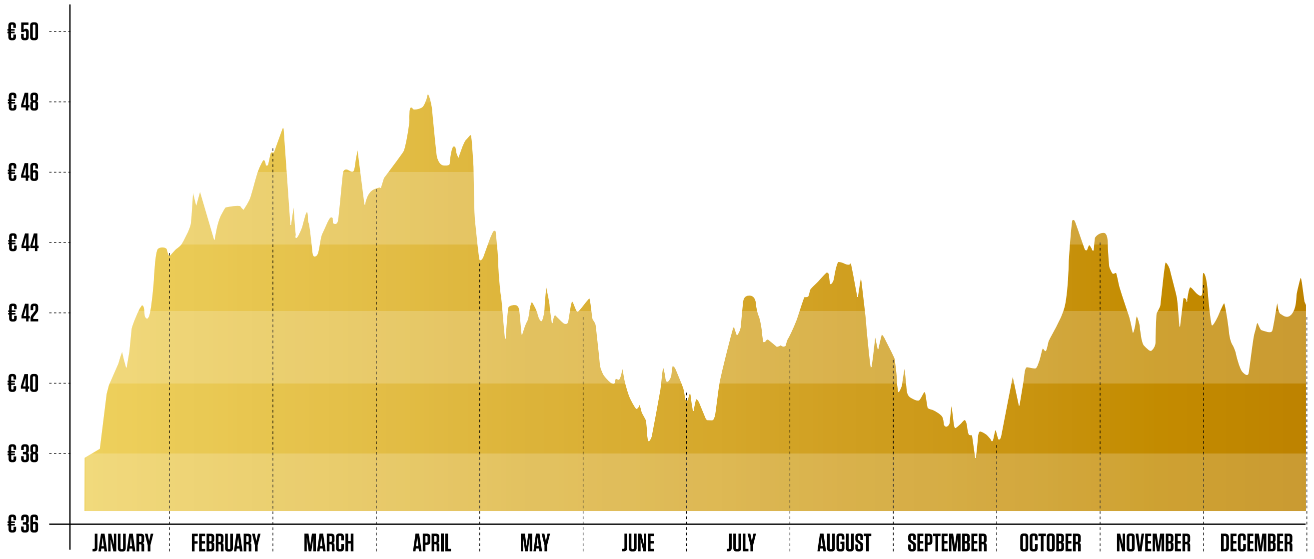
Shares in Vastned Retail N.V. (Vastned) are listed on Euronext Amsterdam since 9 November 1987 and are included in the Amsterdam Midkap Index (AMX) as of 3 March 2008. At year-end 2015, Vastned's market capitalisation was € 806 million. The average daily trading volume in 2015 was € 1.8 million, or 43,362 shares. Vastned employs Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

KEY DATA PER SHARE

	2015	2014	2013	2012	2011
Direct result	€ 2.58	€ 2.44	€ 2.85	€ 3.31	€ 3.61
Indirect result	€ 0.86	€ (0.77)	€ (7.64)	€ (5.48)	€ 1.56
Dividend	€ 2.05*	€ 2.00	€ 2.55	€ 2.55	€ 3.61
Net asset value	€ 42.90	€ 41.09	€ 41.23	€47.26	€ 53.72
Vastned share closing price at year-end	€ 42.35	€ 37.45	€ 32.99	€ 32.75	€ 34.60
Market capitalisation at year-end (€ millions)	806	713	628	623	644

* Subject to approval from the Annual General Meeting of shareholders on 20 April 2016.

VASTNED SHARE PRICE



SHAREHOLDER RETURN 2015

Vastned's 2015 opening price was € 37.82. Over the year it ranged between € 36.40 and € 48.99, and closed the year at € 42.35. Vastned distributed a final dividend of € 1.27 per share for 2014, and an interim dividend for 2015 of € 0.74 per share, taking the total dividend yield (price movement and dividend payment) for 2015 to 17.3%, from 21.4% in 2014.

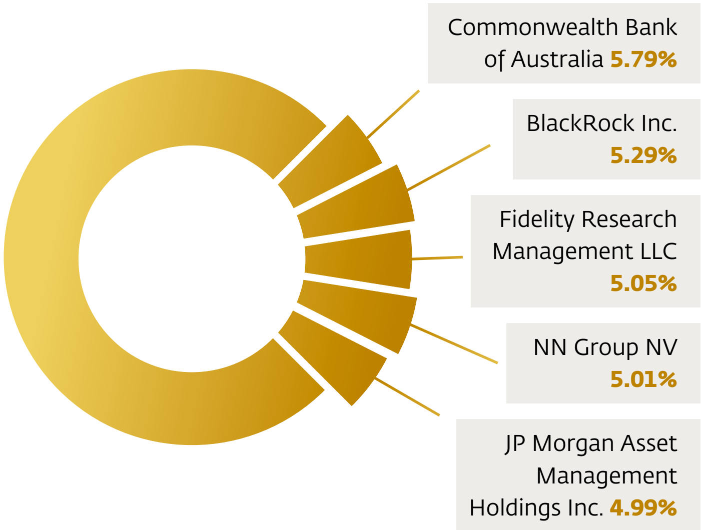
DIVIDEND

Following approval from the Annual General Meeting of shareholders, on 15 May 2015 Vastned paid out a final dividend for 2014 of € 1.27. The total dividend for 2014 was € 2.00 per share. In line with Vastned's dividend policy of paying out 60% of the direct result for the first half year of 2014, an interim dividend of € 0.74 was paid out on 8 September 2015. Vastned proposes to the Annual General Meeting of Shareholders to declare a dividend of € 2.05 per share for the full year 2015. This equates to 79% 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 number of shares in issue at year-end 2015 was 19,036,646, unchanged from year-end 2014. The nominal value per share is € 5.00. No shares were issued and no share buy-back programme took place in 2015.

In compliance with the Act on the Disclosure of Major Holdings (WMZ), the following parties are known to Vastned as shareholders holding a capital interest of 3% or more of the shares in issue:



Taco de Groot (CEO) held 51,051 Vastned shares at year-end 2015. He has built up this position from his personal financial resources to assert his commitment to the company and his confidence in the strategy. The members of the Supervisory Board do not hold any Vastned shares, thus complying with the independence criteria set out in best practice provision III.2.1 of the Dutch Corporate Governance Code.

Vastned also asks various analysts and investors their opinion about its communication

CONVERTIBLE BONDS

In 2014, Vastned placed € 110 million in convertible bonds (the bonds) that will mature on 10 April 2019. These bonds will be convertible into Vastned shares, subject to Vastned opting for payment in cash instead of partial or full transfer of the shares. The bonds have an annual coupon of 1.875% and an initial conversion price of € 46.19. After the final dividend distributions for 2013 and 2014 and the interim dividend distributions in 2014 and 2015, the rights of the bondholders were adjusted. On 25 August 2015, the conversion price was changed from € 44.89 to € 44.16. 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 the developments in the company promptly, clearly and unambiguously to all stakeholders. This is done by publishing press releases, interim reports and annual reports, trading updates, by participating in road shows and conferences, and through our website. On the date of publication of the half-year and annual figures, Vastned publishes the sheets for its presentation to analysts on its website, where visitors can also watch the presentation in a live webcast.

Vastned pursues an active and constructive dialogue with (potential) shareholders, and in this context frequently meets with institutional and major private investors; in these meetings, Vastned only provides information that is not considered price-sensitive. Vastned also asks various analysts and investors their opinion about its communication. An external party carries out an anonymous survey. Vastned values the opinions of its shareholders, and takes action on the suggestions they make. The report based on the survey is discussed with the Supervisory Board.

The CEO, CFO and the Investor Relations Manager oversee Vastned's Investor Relations. At specific events, such as property viewings, other colleagues are also involved in order to provide the best service to (potential) shareholders.

PRICE-SENSITIVE INFORMATION

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. 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. In the run-up to the publication of financial reports, Vastned does not hold analysts' meetings or direct discussions with (potential) shareholders or the press.

ANNUAL REPORT

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

In 2015 Vastned's 2014 annual report won the company its fifth 'Gold Medal Award' from 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 is currently exploring the possibilities of reporting data on its energy consumption in accordance with EPRA's sustainability BPR. Every year Vastned reports on its CSR-activities, objectives and results.

SELL-SIDE ANALYSTS

Vastned is being covered by eight banks/analysts. They closely monitor developments within Vastned and periodically publish reports on these developments. The reports of these sell-side analysts are not evaluated or corrected by Vastned, except for factual inaccuracies. Nor does Vastned pay any fees to parties for preparing analysts' reports.

Banks	Recom-mendation	Target price
ABN AMRO	Buy	€ 47.00
Berenberg Bank	Buy	€ 50.00
Green Street Advisors	Buy	€ 40.83
HSBC	Hold	€ 46.00
ING	Hold	€ 38.10
JP Morgan	Neutral	€ 46.00
Kempen & Co.	Buy	€ 45.00
Petercam	Buy	€ 49.30

The recommendations and share price targets are as at year-end 2015

CONTACT INFORMATION

For further information and questions about Vastned and/or Vastned shares, please contact Vastned's Investor Relations Manager:

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FINANCIAL CALENDAR 2016

Month	Date	Event
JANUARY		
FEBRUARY	18.02	Publication annual results 2015
MARCH		
APRIL	20.04	Annual General Meeting of Shareholders
APRIL	22.04	Ex final dividend 2015 quotation
APRIL	25.04	Record date final dividend 2015
MAY	10.05	Trading update first quarter 2016
MAY	13.05	Payment date final dividend 2015
JUNE		
JULY		
AUGUST	02.08	Publication half-year results 2016
AUGUST	04.08	Ex interim dividend 2016 quotation
AUGUST	05.08	Record date interim dividend 2016
AUGUST	25.08	Payment date interim dividend 2016
SEPTEMBER		
OCTOBER		
NOVEMBER	01.11	Trading update first nine months 2016
DECEMBER		

Cours de l'Intendance 62, Bordeaux

‘**Sportsmanship** is my top priority’

Interview met Marianne Vos

Marianne Vos isn’t just the most successful female cyclist since Leontien van Moorsel, but also the most versatile. She became world champion on the road, in cross-country and indoor cycling, but then suddenly her batteries were totally flat. So flat that in 2015 she couldn’t think of cycling at all. Now she’s getting back in the saddle, slowly but surely. When we speak to her, she is in South Africa, trying to recapture her energy and form.

‘I go all out to win, but I can only find satisfaction in winning if I win fairly’

‘I’ve been here for over three weeks now, but I still feel as if I’ve just arrived. I started near Johannesburg. I went to a safari park for a day, and saw three of the big five. It was beautiful, not just the animals, but also the landscapes and the setting sun. I had a bit of a holiday, although I already had the all-clear to do some light training. But I had to build it up slowly. I couldn’t wish for more than just some light cycling, enjoying myself and getting a feel for the culture and nature. We were a few hours outside town in a very hilly area, which made it quite hard work. After two weeks I took a plane to Capetown, where I’m now training in the wine country with the national team.’

How are you feeling?
‘I’m feeling fine. Actually, I’m amazed about my own progress. After my all-clear, I started very cautiously. I’m right on schedule. My body’s reacting the way I’m used to. Of course training is supposed to be tiring, but your body must also be able to recover rapidly. And I now trust my body again.

How do you focus on a race?
‘I go within myself. My preparation has to be just right. The training must have gone well, because you must have prepared well enough in terms of rest and nutrition.
On the night before a race I stop thinking about it. Then it’s just a matter of intuition and cycling. That’s what I love to do, and that’s what is so great about it.’

How important is it for you to be know the route of the stage?
‘I like to have a general picture of what I can expect, so that you can adapt your tactics to it. But it’s not as if I have to know every inch of the course. Cycling is not an exact science; you have to take the stage as it comes. I’ve been cycling ever since I was a little girl. I can focus really well by not being too analytical about it. Just trust my intuition and take it as it comes. When I overthink it, things go wrong. In my best races, after the stage I can’t quite remember when and why I took certain decisions. The right decisions just come to me at the right time. And you can’t prepare for that.’

What about the pain?
‘Well, it’s part of the sport. It’s what makes it beautiful, although pain is never pleasant. It’s always a kind of torture. But you know it’ll end at some point. When you persevere and you pass the finishing line, you know why you’ve done it. That’s what I always keep in mind. During the race, you have to be able to push through the pain. When you get to the finish, you feel a wave of satisfaction. If you don’t go the extra mile, you’ll be disappointed, and that will stay with you far longer.

Collaboration?
‘Cycling is a team sport in my opinion. But not everybody sees it that way, because after the finish all the individual riders are ranked with their times. But it is definitely a team sport. For us, it’s a very complex issue. Everybody who gets the chance to win, is allowed to go for it. Then she gets support from all the others. And that’s wonderful, because then we’ll do whatever it takes for each other.’

How important is fair play?
‘Very important. I’m a winner, I will do anything to win, but sportsmanship is more important than winning or losing. Sportsmanship is my number one priority. Rivalry is certainly part of the sport. I go all out to win, but I can only find satisfaction in winning if I win fairly.’

How important is winning?
‘There are many cyclists who never win anything themselves, but who contribute strongly to other team members winning. I wouldn’t enjoy racing as much if I just went along for the ride. Winning isn’t all, but the feeling of myself or a team mate winning is highly addictive.

What was your best victory?
‘Gold in the road race in London 2012. Without a doubt. The sprint through the centre of London, that was such an emotional experience.’

4

REPORT OF THE EXECUTIVE BOARD

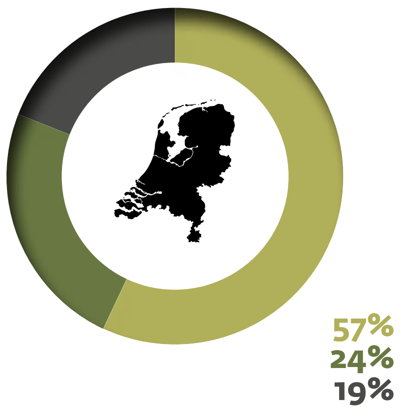
REVIEW OF THE PROPERTY PORTFOLIO

Occupancy rate	97.9%
Total value of the portfolio	€ 1.6 BILLION
Total value of acquisition and divestment transactions	€ 250 MILLION

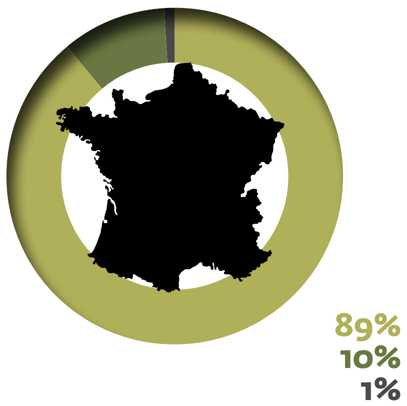
INTRODUCTION

In 2015, the quality of the portfolio was increased further and the share of premium city high street shops grew to 68% at year-end 2015, up from 60% at year-end 2014. The premium city high street shop portfolio grew by € 207 million due to acquisitions and value increases, and stood at € 1.1 billion at year-end 2015 (year-end 2014: € 0.9 billion). Vastned's total portfolio at year-end 2015 was € 1.6 billion (year-end 2014: € 1.5 billion).

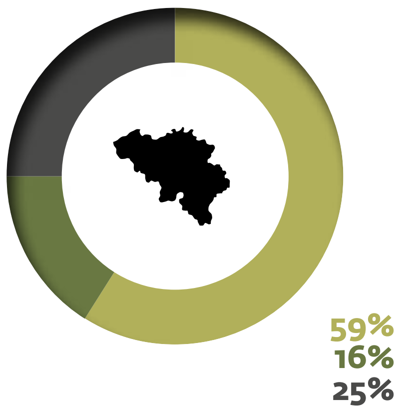
THE NETHERLANDS



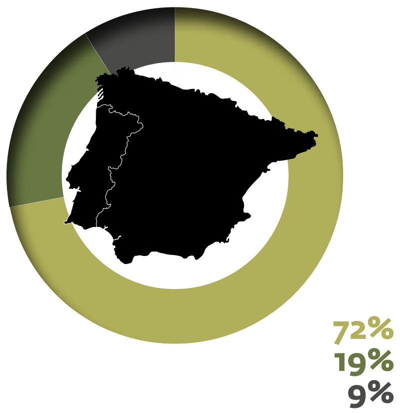
FRANCE



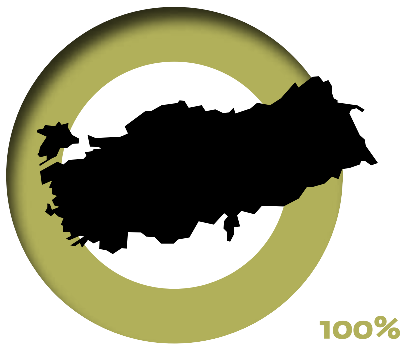
BELGIUM



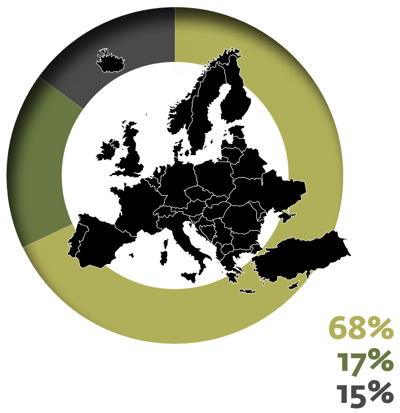
SPAIN / PORTUGAL



TURKEY



TOTAL



PREMIUM CITY HIGH STREET SHOPS
HIGH STREET SHOPS
NON-HIGH STREET SHOPS

OCCUPANCY RATE

The average occupancy rate, which is an important indicator of the quality of the portfolio, was 96.5% during 2015. The occupancy rate improved over the year, to 97.9% for the total portfolio at year-end 2015. The premium city high street shops, which represent the majority of the portfolio, were virtually fully occupied at year-end 2015, at an occupancy rate of 99.7% (year-end 2014: 99.1%).

OCCUPANCY RATE (IN %) AT YEAR-END 2015	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Premium city high street shops	99.7	99.5	100.0	100.0	99.5	99.7
High street shops	94.8	92.9	98.1	100.0	-	95.5
Non-high street shops	96.3	85.7	95.7	100.0	-	95.6
Total	**97.3**	**97.7**	**98.3**	**100.0**	**99.5**	**97.9**

OCCUPANCY RATE (IN %) AT YEAR-END 2014	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Premium city high street shops	99.0	98.5	100.0	100.0	99.3	99.1
High street shops	95.9	97.3	93.8	100.0	-	96.0
Non-high street shops	97.1	76.8	97.7	100.0	-	96.2
Total	**97.3**	**96.5**	**97.9**	**100.0**	**99.3**	**97.6**

10 LARGEST TENANTS		Theoretical gross rental income (in € million)	Theoretical gross rental income (in %)	Number of units	GLA (sqm)
1	H&M	12.2	13.0	13	25,715
2	Inditex	7.0	7.4	9	11,813
3	Forever 21	2.7	2.8	1	4,456
4	A.S. Watson	2.4	2.6	20	7,918
5	Blokker	2.2	2.4	19	13,020
6	Armani	1.4	1.5	1	2,000
7	GAP	1.3	1.4	1	912
8	GrandVision	1.3	1.3	10	3,660
9	Jumbo	1.1	1.2	3	7,110
10	Ahold	1.1	1.1	5	5,317
		32.7	**34.7**	**82**	**81,921**

LEASING ACTIVITY

Vastned concluded a total of 139 leases in 2015 for € 10.6 million (11% of the total theoretical gross rent). In the year before, this was 137 leases for € 10.4 million in total. Compared to 2014, the rent increase on the premium city high street shops was with 24.4% sharply higher in 2015. In 2015, Vastned realised € 0.7 million higher rental income on the leases concluded for premium city high street shops. In 2014, the increase was 3.6%, or € 0.1 million. The review of the portfolio per type describes the leasing activity in greater detail.

LEASING ACTIVITY 2015	Volume (in € million)	Volume (in %)	Movement in gross rental income (in € million)	Movement in gross rental income (in %)
Premium city high street shops	3.5	3.6	0.7	24.4
High street shops	3.8	3.9	(0.7)	(15.8)
Non-high street shops	3.3	3.5	(0.4)	(10.7)
Total	**10.6**	**11.0**	**(0.4)**	**(3.9)**

LIKE-FOR-LIKE GROSS RENTAL INCOME

The like-for-like gross rental income was 0.9% negative in 2015. The increase in the premium city high street shops of 1.8% was a result of the like-for-like gross rental income increases in the Netherlands and Turkey of 3.4% and 5.6% respectively. The growth on premium city high street shops could not fully compensate the decline on the high street and non-high street shops.

LIKE-FOR-LIKE RENTAL GROWTH AS A % OF GROSS RENTAL INCOME	Premium city high street shops	High street shops	Non-high street shops	Total
The Netherlands	3.4	(5.5)	(3.4)	(2.1)
France	(0.2)	(5.3)	(5.4)	(1.3)
Belgium	(0.1)	7.5	(1.8)	0.5
Spain/Portugal	(2.0)	(6.2)	(9.4)	(4.6)
Turkey	5.6	-	-	5.6
Total	**1.8**	**(3.6)**	**(3.2)**	**(0.9)**

LEASE INCENTIVES

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged at 2.5% in 2015, which was unchanged from 2014 (2.5%). The difference between the actual and IFRS lease incentives is the straightlining of lease incentives. In absolute terms, the difference in lease incentives was € 0.1 million. In 2015: € 2.5 million compared to € 2.6 million in 2014.

LEASE INCENTIVES AS A % OF GROSS RENTAL INCOME	2015 actual	2015 IFRS	2014 actual	2014 IFRS
Premium city high street shops	2.2	2.7	3.4	2.9
High street shops	2.4	2.4	3.2	2.7
Non-high street shops	2.3	2.4	2.0	1.9
Total	**2.3**	**2.5**	**2.9**	**2.5**

MARKET RENT

Appraisals made on Vastned's instructions determine the market value, i.e. the estimated rental value (ERV), of retail units. This is key information for identifying re-letting opportunities and threats. Relative to the market rent, the theoretical rental income (the gross annual rent of current contracts increased by the ERV of vacant units) was 99.6% of the market rent at year-end 2015 (year-end 2014: 100.5%). For (over)- or under rent, it is important to take into account both the absolute amounts and percentages. 10.3% overrent on non-high street shops only makes € 1.9 million, while the underrent on the premium city high street shops was 6.7%, or € 3.8 million.

(OVER)- UNDER RENT PER TYPE AT YEAR-END 2015	Theoretical gross rental income (in € million)	Market rent (in € million)	(Over)- under rent (in%)
Premium city high street shops	53.7	57.5	6.7
High street shops	21.6	20.1	(7.6)
Non-high street shops	20.9	19.0	(10.3)
Total portfolio	**96.2**	**96.6**	**0.4**

LEASE EXPIRATIONS

The durations of the leases vary depending on specific agreements and local statutory regulations and customs. Vastned operates in six countries, each of which have different types of leases.

CUSTOMARY LEASE DURATIONS AND INDEXATIONS

	TERM	INDEXATION
THE 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)*
BELGIUM	In Belgium leases are normally concluded for a period of between nine and twelve 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)
PORTUGAL	Leases in Portugal are generally comparable to those in Spain; however, virtually all leases concluded by Vastned have a ten-year duration.	Comparable to Spain
TURKEY/ ISTANBUL	Generally, the leases concluded in Turkey have a five-year duration.	In Turkey, the leases have different indexations based on individual agreements.

* 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.

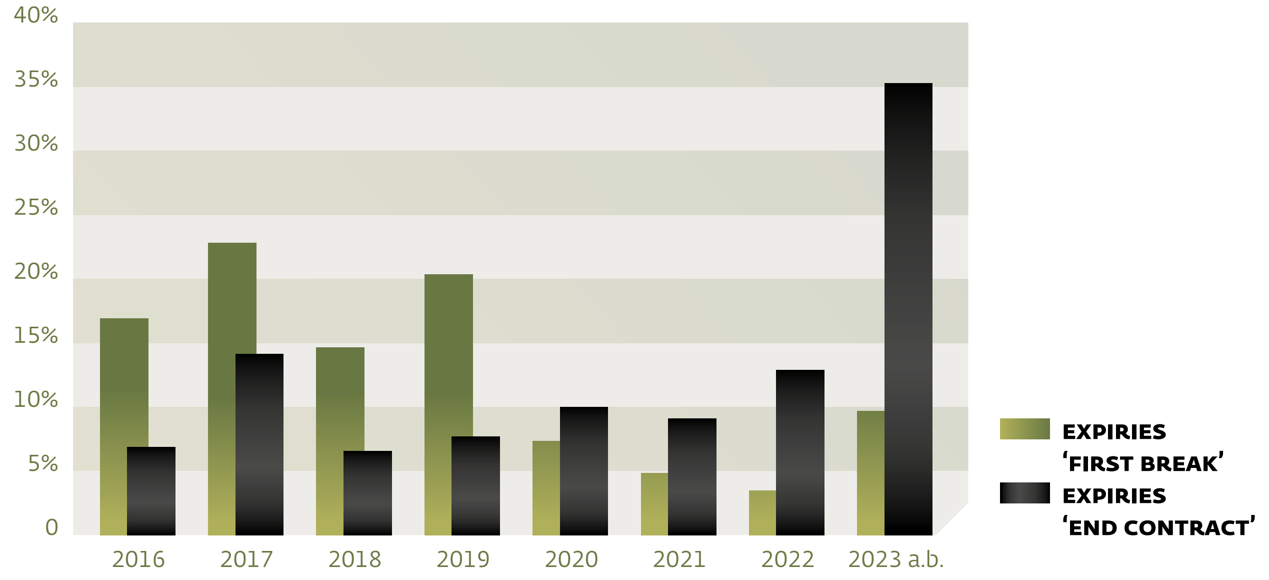
In addition, we are seeing increasing demand for different contract durations for particular types of retail property. Demand for temporary leases has grown, in particular from smaller retailers, mainly for 'pop-up stores', which often move to a new location after a few months. On the other hand, demand for long-term leases for retail units in highly desirable shopping streets is rising. Vastned takes a pragmatic approach, looking at all the opportunities individually in order to be able to best fulfil the retailers' wishes, while taking account of shareholders' interests.

In the expirations, Vastned distinguishes between the next termination date for the tenant (first break) and the end of the lease (end of contract). The graph below displays the expiry dates of the entire property portfolio. The average duration at year-end 2015 was 6.2 years (year-end 2014: 6.0 years).

Taking into account the time until the next optional termination date for the tenant, an option which is rarely exercised in practice, the average duration of the leases was 3.1 years at year-end 2015 (year-end 2014: 3.4 years).

Overall, 17% of the leases, representing € 16.0 million, will be renewed or terminated in 2016.

LEASE EXPIRIES AT YEAR-END 2015 - TOTAL



ACQUISITIONS

In the course of 2015, Vastned expanded its premium city high street shop portfolio by € 164.0 million. Vastned acquired a total of eleven premium city high street shops on popular shopping streets in Amsterdam, Antwerp and Paris.

DIVESTMENTS

In total, Vastned sold non-strategic assets amounting to € 86.4 million in smaller and medium-sized cities in the Netherlands, France and Belgium. On average, the net sales price was 3.2% above the most recent book value.

APPRAISAL METHODOLOGY

The larger properties, with an (expected) value of more than € 2.5 million, make up approximately 84% of Vastned's property portfolio and are appraised semi-annually by reputed international appraisers. Smaller properties (expected value of € 2.5 million or less) are appraised externally once a year, spread evenly across the half years. As at 30 June 2015, 94% of the property portfolio had been appraised and at year-end 93%. Vastned ensures that the external appraisers have all the relevant information needed to arrive at a well-considered assessment. The appraisal methodology is based on international valuation guidelines (including RICS appraisal and valuation standards). This appraisal methodology is explained in more detail on page 183 of the financial statements.

VALUE MOVEMENTS

The polarisation, to which reference has been made before in this annual report, plays a major role in the retail landscape, and clearly shows that demand for retail space is strong in the best high streets in the bigger European cities with an historical city centre. The value of the total portfolio rose by € 25.0 million, or 1.7%, exclusing acquisitions and divestments. The € 55.6 million value increase of premium city high street shops amply offset the decreasing values of high street shops and non-high street shops. Vastned feels these results corroborate its strategy to further expand the premium city high street shop portfolio.

VALUE MOVEMENTS	Value of the portfolio at year-end 2015 (in € million)	Value movement [1] (in %)	(in € million)
Premium city high street shops	1,123	6.3	55.6
High street shops	286	(3.5)	(10.2)
Non-high street shops	239	(7.8)	(20.4)
Total portfolio	**1,648**	**1.7**	**25.0**

1) Excluding acquisitions and divestments

SECTORSPREAD PER COUNTRY (IN %)	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Premium city high street shops	57	89	59	72	100	68
High street shops	24	10	16	19	-	17
Non-high street shops	19	1	25	9	-	15
Total	**45**	**20**	**22**	**5**	**8**	**100**

REVIEW OF THE PREMIUM CITY HIGH STREET SHOP PORTFOLIO

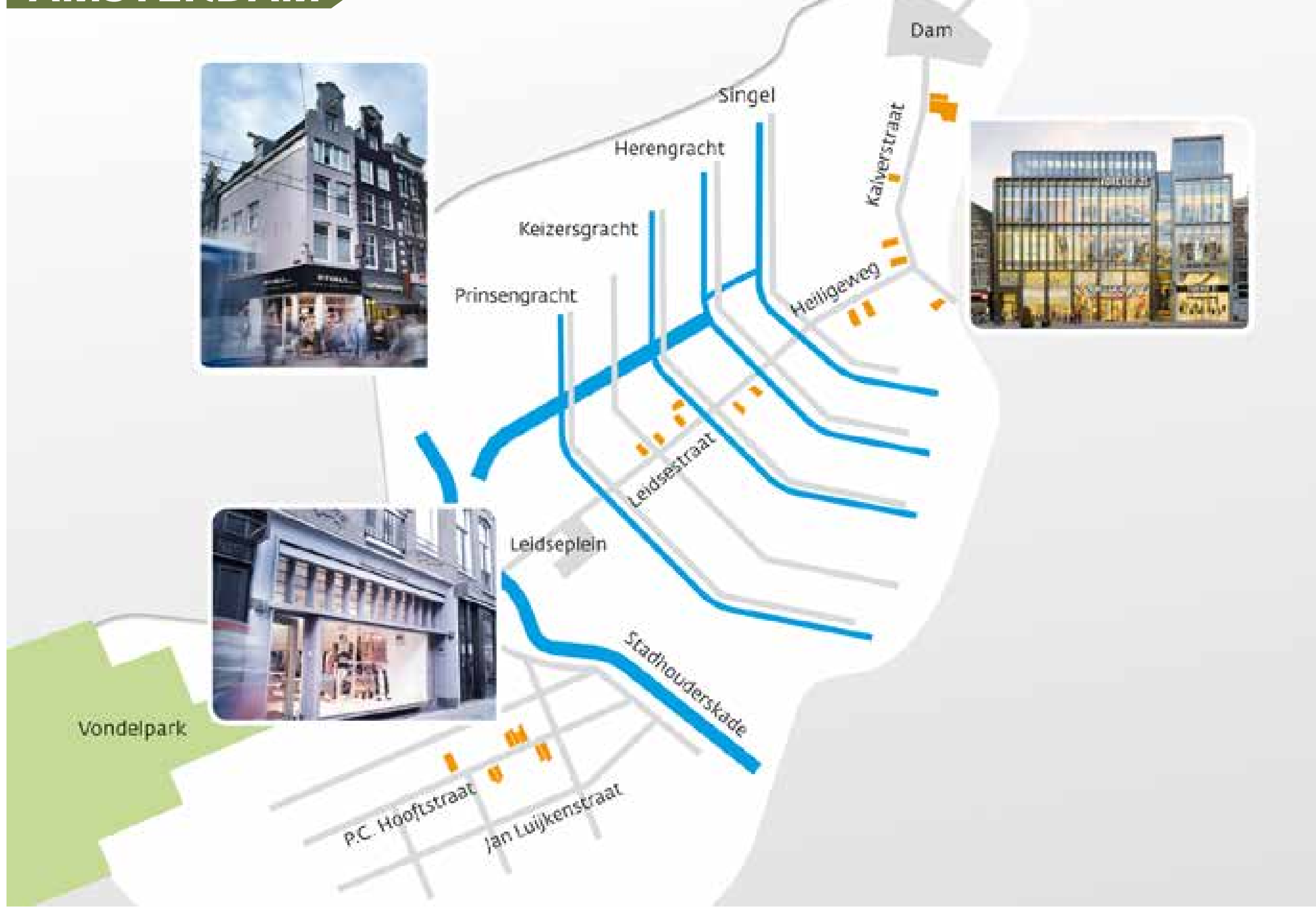
Occupancy rate	99.7%
Value	€ 1.1 BILLION

PREMIUM CITY HIGH STREET SHOP PORTFOLIO IN € MILLION PER COUNTRY

10 LARGEST PREMIUM CITY HIGH STREET SHOP PORTFOLIOS

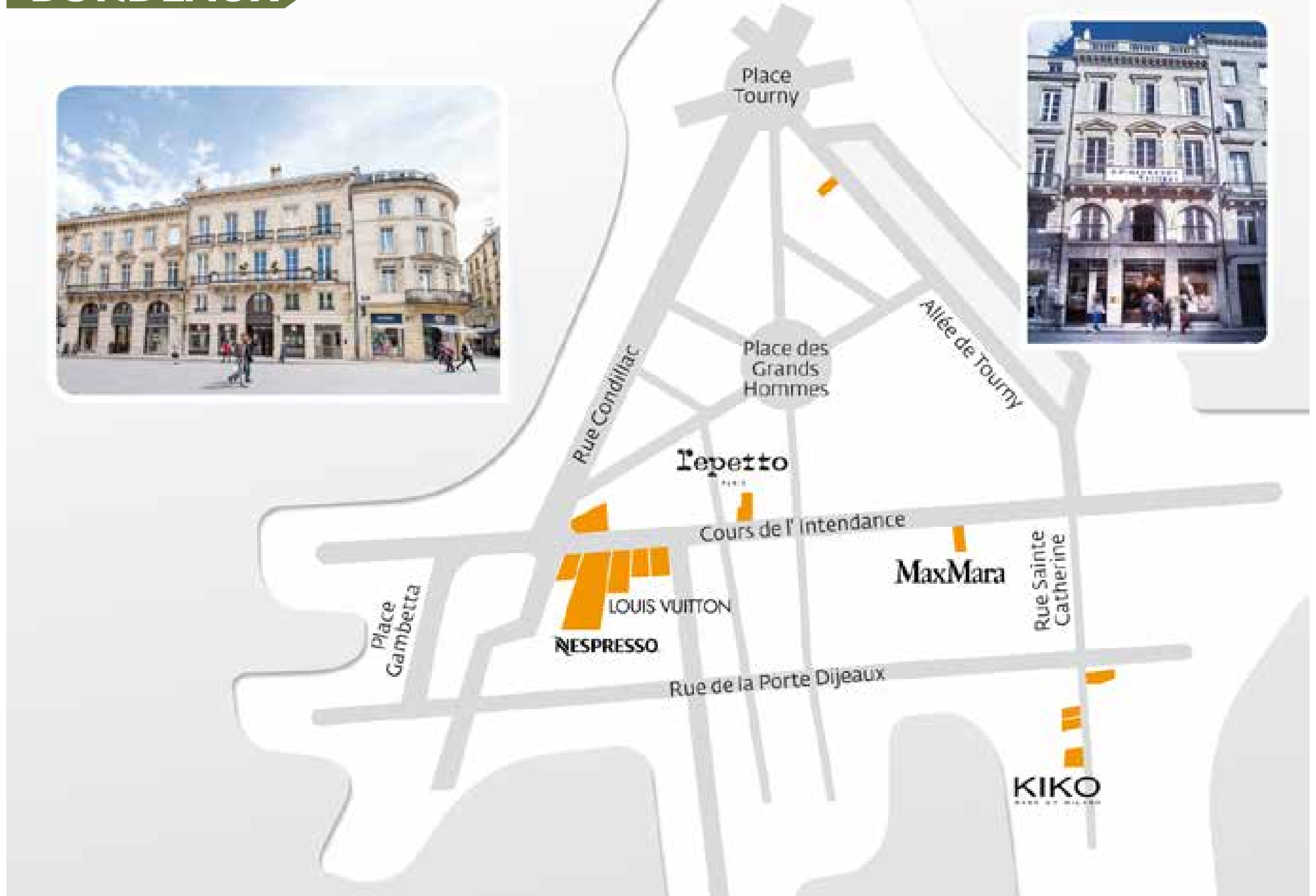
	Book value (in € million)	Theoretical gross rental income (in € million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1. Amsterdam	256.6	10.4	99.9	44	12,920
2. Paris	147.7	6.1	99.8	13	5,995
3. Istanbul	133.2	8.6	99.5	9	13,100
4. Antwerp	80.7	3.8	100.0	18	6,994
5. Bordeaux	78.6	3.5	99.7	20	6,392
6. Utrecht	67.2	3.8	99.2	37	11,399
7. The Hague	54.4	3.0	99.1	24	8,237
8. Lille	54.2	2.9	98.6	28	6,070
9. Brussels	52.4	2.7	100.0	11	8,346
10. Madrid	48.5	1.9	100.0	4	1,420
Total	**973.5**	**46.7**	**99.6**	**208**	**80,873**

AMSTERDAM



ANTWERP

BORDEAUX



INTRODUCTION

Vastned's strategy is focused on further expanding its premium city high street shop portfolio. In 2015 this portfolio grew from € 916 million year-end 2014 to € 1.1 billion year-end 2015. These are locations where consumers prefer to shop and where retailers wish to have a presence. These locations have grown in popularity in recent years, partly due to changing consumer behaviour. The popularity of big city centres persists, while consumers are shunning smaller cities. More and more successful retailers are opening flagship stores on the very best shopping streets. This drives up rents and property values.

OCCUPANCY RATE

At year-end 2015 the occupancy rate of premium city high street shops was 99.7%, reflecting that the premium city high street shops were almost fully occupied. Year-end 2014, the occupancy rate was also high at 99.1%. The polarisation in the retail landscape is evident with a high demand for the best retail property in the popular shopping streets of major European cities with a historical city centre.

OCCUPANCY RATE IN %	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
At year-end 2015	99.7	99.5	100.0	100.0	99.5	99.7
At year-end 2014	99.0	98.5	100.0	100.0	99.3	99.1

LEASING ACTIVITY

Vastned concluded 27 leases for premium city high street shops for € 3.5 million in total. These leases resulted in an average rent increase of 24.4%, yielding € 0.7 million higher rental income.

In 2015, Vastned concluded leases with tenants including Ted Baker for Leidsestraat 64-66 in Amsterdam (+106%), Costa Coffee for Rue Faidherbe 50 in Lille (+36%), AS Adventure for Zonnestraat 6-10 in Ghent (+87%), Manila Grace for Schuttershofstraat 30 in Antwerp (+48%) and with Kruidvat for Elsensesteenweg 41-43 in Brussels (+57%).

LEASING ACTIVITY	2015	2014
Number of leases	27	24
Rent (in € million)	3.5	4.2
Rent change (in € million)	0.7	0.1
Rent change (in %)	24.4	3.6

Kalverstraat 182, Amsterdam

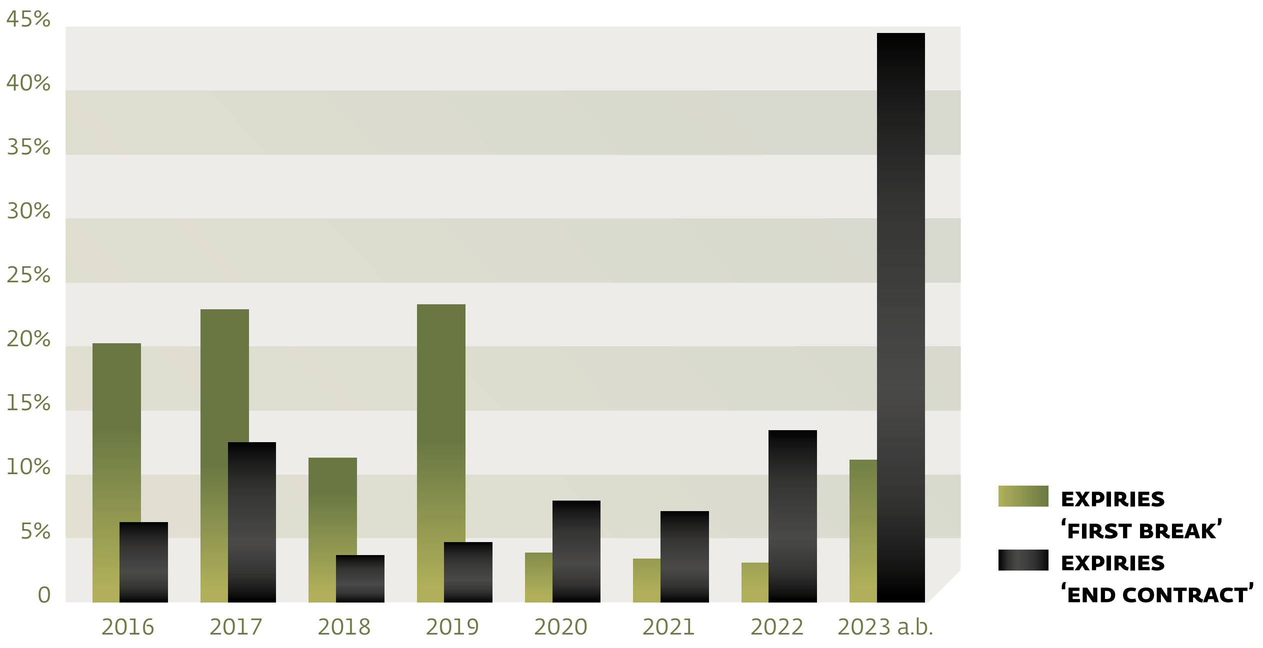
LEASE EXPIRATIONS

The average duration of leases for premium city high street shops was 7.1 years at year-end 2015 (year-end 2014: 7.0 years).

Taking into account the time until the next optional termination date for the tenant, an option which is rarely exercised in practice, the average duration of the leases was 3.1 years at year-end 2015 (year-end 2014: 3.4 years).

The premium city high street shops are marked by an average under-rent of 6.7%, which means that when leases expire, there are opportunities for Vastned to raise the rent. Through active asset management and when legal opportunities present themselves, Vastned can tap into the underlying value and conclude new leases at higher rents.

LEASE EXPIRIES PREMIUM CITY HIGH STREET SHOPS



Graanmarkt 13, Antwerp

ACQUISITIONS

In 2015, Vastned expanded its portfolio with eleven premium city high street shops for € 164.0 million.

AMSTERDAM
In Amsterdam, we expanded our portfolio on P.C. Hooftstraat with the numbers 35 and 37 for € 10.9 million, taking the number of retail units on the most prestigious shopping street in the Netherlands to eight. Vastned also acquired the property at Kalverstraat 11-17/ Rokin 12-16, the most popular part of Kalverstraat, which accommodates the flagship stores of Forever 21 and Pull & Bear, for € 108.1 million.

ANTWERP
Vastned increased its Antwerp portfolio with five premium city high street shops at a value of € 28.9 million. Vastned sharply enlarged its premium city high street shop portfolio in and around Schuttershofstraat. On Schutterhofstraat itself Vastned acquired numbers 22 and 55. Adjoining Schuttershofstraat Vastned acquired Armeduivelstraat 6 and the concept store at Graanmarkt 13. On Korte Gasthuisstraat Vastned became owner of number 17, leased to & Other Stories.

PARIS
On Rue des Rosiers, one of the most prominent shopping streets of the Le Marais district in Paris, Vastned acquired its first two retail units for € 16.1 million. This district is highly prized by local Parisiens, but increasingly also by tourists. Next to Adidas Originals and Suite.341, to whom Vastned leases the retail units, more and more international retailers are finding their way to Le Marais, including Ted Baker, Uniqlo, Gucci and Karl Lagerfeld.

Abdi Ipekçi Caddesi 41, Istanbul

DIVESTMENTS

In 2015, Vastned also sold three retail units in premium cities for € 18.6 million in total, 10.7% above book value. Vastned was offered a very attractive price for Hoogstraat 24-26 and Noordeinde 48 in The Hague, as well as for Rue de la Porte Dijeaux 35-37 in Bordeaux, which was sold to the owner of the adjoining property. In Bordeaux our focus is mainly on the popular mass-market high street Rue de Sainte Catherine and the luxury shopping street Cours de l'Intendance.

VALUE MOVEMENTS

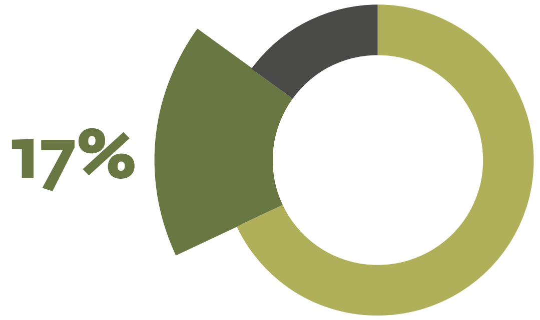
Excluding acquisitions and divestments, the value of the premium city high street shops increased by € 55.6 million in 2015. The greatest rise in absolute terms was in France; in relative terms it was in Spain, where the increase was 18.3%.

VALUE MOVEMENTS	Value of the portfolio at year-end 2015 (in € million)	Value movement 1) (in %)	Value movement 1) (in € million)
The Netherlands	426	5.7	16.5
France	300	9.5	24.3
Belgium	209	3.1	5.2
Spain/Portugal	55	18.3	8.5
Turkey	133	0.9	1.1
Total portfolio	**1,123**	**6.3**	**55.6**

1) Excluding acquisitions and divestments

REVIEW OF THE HIGH STREET SHOP PORTFOLIO

Occupancy rate	95.5%
Value	€ 286 MILLION



INTRODUCTION

Vastned has made good progress on the execution of the strategy. Part of this was divesting non-strategic assets, including inner-city shops in smaller and medium-sized cities, which we refer to as high street shops. Following divestments and negative value movements, in real terms the portfolio was reduced in value from € 329 million to € 286 million. The ratio of high street shops in the total portfolio fell from 21% at year-end 2014 to 17% at year-end 2015.

HIGH STREET SHOP PORTFOLIO IN € MILLION PER COUNTRY

OCCUPANCY RATE

The occupancy rate of the high street shops was 95.5% at year-end 2015, down from 96.0% at year-end 2014. Retailers in smaller and medium-sized cities in some cases are struggling. As a result, letting these retail units has become more difficult, which is reflected in a slightly lower occupancy rate, which has nevertheless remained high.

OCCUPANCY RATE IN %	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
At year-end 2015	94.8	92.9	98.1	100.0	-	95.5
At year-end 2014	95.9	97.3	93.8	100.0	-	96.0

LEASING ACTIVITY

Polarisation between popular shopping streets and second-tier retail locations is clearly visible in the leasing activity. In total, Vastned concluded 73 leases for high street shops, with a value of € 3.8 million. Developments in the retail market and the surplus of retail floor area, especially in the Netherlands where the high street shop portfolio is the largest, put pressure on the rents in some of these locations. Even though rents on leases concluded for high street shops in smaller and medium-sized cities fell by 15.8% on average, Vastned realised rent increases here, too, as illustrated by leases to Wam Denim for Kalanderstraat 6 in Enschede (+22%) and to Okaidi in Mechelen (+9%).

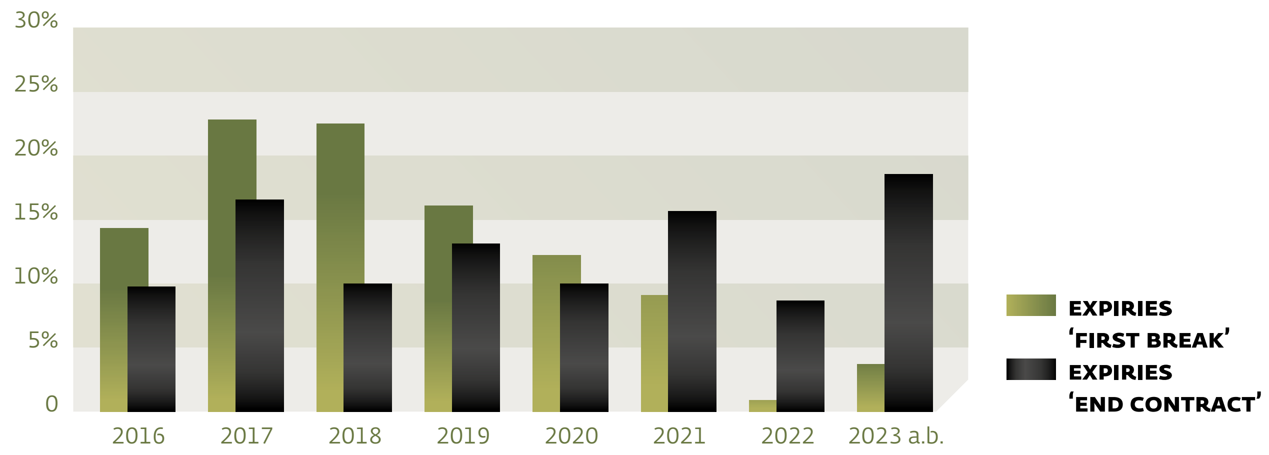
LEASING ACTIVITY	2015	2014
Number of leases	73	49
Rent (in € million)	3.8	2.6
Rent change (in € million)	(0.7)	(0.1)
Rent change (in %)	(15.8)	(3.0)

LEASE EXPIRATIONS

The average duration of leases for high street shops was 4.8 years at year-end 2015 (year-end 2014: 4.7 years).

Taking into account the time until the next optional termination date for the tenant, the average duration of the leases was 2.9 years at year-end 2015 (year-end 2014: 3.1 years).

LEASE EXPIRIES HIGH STREET SHOPS



DIVESTMENTS

In pursuit of its strategy, Vastned divested high street shops in smaller and medium-sized cities in the Netherlands, France and Belgium for € 33.7 million, at 1.6% above book value on average.

In the Netherlands, divestments totalled € 9.9 million. They included the properties on Zwart Janstraat in Rotterdam and some solitary retail units in Leiden and Purmerend.

In France the portfolio in Angers was sold for € 19.5 million, and in Belgium Vastned sold retail units in Vilvoorde and Mortsel totalling € 4.3 million.

The divestments further contribute to optimising the portfolio and ultimately realising more predictable and stable long-term results. The net sales proceeds are being or will be used to expand clusters in premium cities.

VALUE MOVEMENTS

The value of the high street shop portfolio, excluding acquisitions and divestments, fell by 3.5% on average. The decrease was mainly caused by the value movement in the Netherlands. In the Netherlands, where the majority of the high street shops are located, the polarisation between popular and less popular shopping streets is very clear indeed, which was reflected in the valuations.

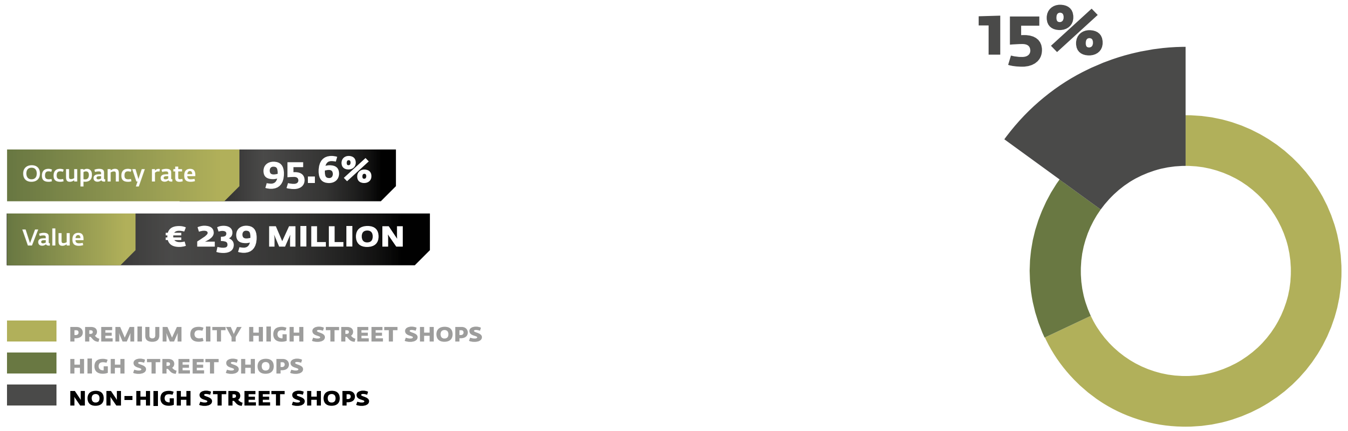
VALUE MOVEMENTS	Value of the portfolio at year-end 2015 (in € million)	Value movement 1) (in %)	(in € million)
The Netherlands	178	(4.7)	(8.9)
France	33	1.8	0.6
Belgium	60	(4.1)	(2.5)
Spain/Portugal	15	4.0	0.6
Total portfolio	**286**	**(3.5)**	**(10.2)**

1) Excluding acquisitions and divestments

'It is not the size of a man but the size of his heart that matters'

EVANDER HOLYFIELD

REVIEW OF THE NON-HIGH STREET SHOP PORTFOLIO



INTRODUCTION

The non-high street shop category comprises properties such as shopping centres, retail parks, retail warehouses (including the popular Belgian 'baanwinkels') and supermarkets. Like high street shops, this category has shrunk, mostly due to divestment of non-strategic assets and negative value movements. At year-end 2015, the value of the non-high street shop portfolio was € 239 million (year-end 2014: € 293 million) and, in line with the strategy, the share of non-high street shops in the total portfolio fell from 19% to 15%.

NON-HIGH STREET SHOP PORTFOLIO IN € MILLION PER COUNTRY

OCCUPANCY RATE

The occupancy rate of the non-high street shops remained almost unchanged at 95.6% at year-end 2015. The main changes took place in the Belgian and French non-high street shop portfolios. In Belgium demand from retailers for retail warehouses fell slightly.

OCCUPANCY RATE IN %	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
At year-end 2015	96.3	85.7	95.7	100.0	-	95.6
At year-end 2014	97.1	76.8	97.7	100.0	-	96.2

LEASING ACTIVITY

Vastned concluded 39 leases for non-high street shops for € 3.3 million in total. In 2014, Vastned concluded 64 leases for non-high street shops for € 3.6 million in total. The € 0.4 million negative change in rental income was mainly due to the long-term lease renewal with Media Markt for a retail warehouse in Castellón de la Plana in Spain. Vastned succeeded in renewing the lease for eight years, but the rent was brought in line with the lower market rent; this reduced the rental income from this location by approximately € 0.3 million.

Rent increases were also realised on non-high street shops: Vastned agreed a lease with supermarket EM-TÉ for Westermarkt 38 in Tilburg at a 26% higher rent. In Belgium, 'baanwinkels' remain very popular with both retailers and consumers, as illustrated by the successful leasings to Trendy (+27%) and Big Bazaar (+36%) in retail park 't Gouden Kruispunt in Tielt-Winge.

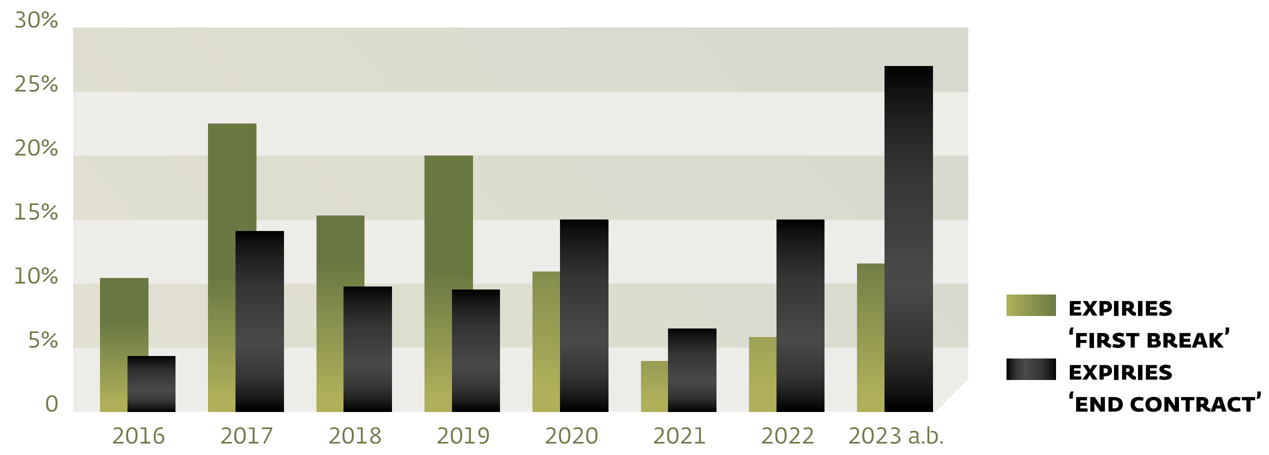
LEASING ACTIVITY	2015	2014
Number of leases	39	64
Rent (in € million)	3.3	3.6
Rent change (in € million)	(0.4)	(0.6)
Rent change (in %)	(10.7)	(15.2)

LEASE EXPIRATIONS

The average duration of leases for non-high street shops was 5.3 years at year-end 2015 (year-end 2014: 5.8 years).

Taking into account the time until the next optional termination date for the tenant, the average duration of the leases was 3.5 years at year-end 2015 (year-end 2014: 4.0 years).

LEASE EXPIRIES NON-HIGH STREET SHOPS



DIVESTMENTS

During 2015, Vastned divested non-high street shops amounting to € 34.1 million in the Netherlands and Belgium at 0.5% above book value on average. Retail warehouses were sold in Capelle aan den IJssel, Dilsen, Overpelt and Hasselt. In Houten Vastned sold its last pipeline projects.

Rue Montmartre 17, Paris

VALUE MOVEMENTS

The polarisation in the retail landscape is reflected in the valuation of non-high street shops. The largest non-high street shop portfolios are in the Netherlands and Belgium. In Belgium, this mostly comprises of 'baanwinkels' and retail warehouses, where the value of the portfolio has remained almost unchanged. In the Netherlands, demand from retailers is strongly focused on the best retail locations, which smaller to medium-sized shopping centres and retail warehouses rarely are. This has impacted market rents in some of these locations, which in turn affected valuations.

VALUE MOVEMENTS	Value of the portfolio at year-end 2015 (in € million)	Value movement 1) (in %)	Value movement 1) (in € million)
The Netherlands	139	(8.8)	(13.3)
France	5	(53.7)	(5.6)
Belgium	88	0.0	0.0
Spain/Portugal	7	(16.1)	(1.4)
Total portfolio	**239**	**(7.8)**	**(20.3)**

1) Excluding acquisitions and divestments

REVIEW OF THE 2015 FINANCIAL RESULTS

2015 RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

The result is comprised of the direct and the indirect result. The result more than doubled from € 31.7 million in 2014 to € 65.5 million in 2015. The main factor in this increase was an improvement of the indirect result from € 14.8 million negative in 2014 to € 16.3 million positive in 2015, which was largely due to positive value movements. The direct result improved, in particular due to lower financing costs, from € 46.5 million in 2014 to € 49.2 million in 2015.

DIRECT RESULT

The direct result rose by 6% from € 46.5 million in 2014 to € 49.2 million in 2015. The main reason for the increase, in addition to the quality improvement of the property portfolio (high yielding assets sold, less risky and lower yielding assets acquired), was the reduction of financing costs due to the lower average interest rate.

The net rental income declined from € 85.7 million in 2014 to € 82.9 million in 2015. On the one hand the net rental income increased with € 5.7 million as a result of acquisitions in 2014 and 2015 while on the other hand divestments in 2014 and 2015 lead to € 7.5 million lower net rental income. The like-for-like net rental income growth of premium city high street shops was € 0.9 million positive. However the like-for-like net rental income growth of high street shops and non-high street shops, especially in the Netherlands, was negative, which resulted in an overall like-for-like net rental income growth of € 1.0 million negative. The like-for-like net rental income growth consists of a like-for-like gross rental income of € 0.7 million negative and a like-for-like growth of the operating expenses of € 0.3 million negative.

The net financing costs were reduced with € 4.7 million with a positive effect on the direct result. The net financing costs increased due to on average higher interest-bearing debts as a result of acquisitions. However, the average interest rate on the interest-bearing loan capital fell from 4.1% in 2014 to 2.8% in 2015 which resulted in substantial lower financing costs. The general expenses decreased from € 8.9 million in 2014 to € 8.5 million in 2015, predominantly due to lower personnel costs. The direct result attributable to non-controlling interests decreased by € 0.4 million due to divestments in the Belgian portfolio.

INDIRECT RESULT

The indirect result improved from € 14.8 million negative in 2014 to € 16.3 million positive in 2015. This increase was mainly due to the quality improvement in the portfolio, which led to a € 26.0 million positive value movement in the property portfolio. The value movements consisted of on the one hand of value increases on premium city high street shops of € 56.9 million and on the other hand of value declines on high street shops and non-high street shops of € 10.3 million and € 20.6 million respectively.

The net result on disposals realised in 2015 were € 2.7 million positive after deduction of sales costs, of which € 2.2 million was realised on divestments in France.

The value movements in the interest rate derivatives due to the lower market interest rate were € 1.7 million negative. Also, in 2015 a number of interest derivatives were unwound, whereby the negative value of these derivatives of € 4.8 million was transferred from equity to the profit and loss account at the time of unwinding. This transfer does not affect the net asset value.

In 2015, an amount of € 4.3 million was allocated to the provision for deferred tax liabilities, in particular in Spain and Turkey.

DEVELOPMENT NET RENTAL INCOME 2015 (IN € MILLION)

PREMIUM CITY HIGH STREET SHOPS	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Gross rental income 2014	12.6	12.8	7.7	2.2	7.6	42.9
Acquisitions	4.8	0.2	1.1	-	-	6.1
Taken into operation	-	0.1	-	-	-	0.1
Disposals	(0.1)	(0.3)	(0.1)	-	-	(0.5)
Like-for-like rental growth	0.4	-	-	-	0.4	0.8
Gross rental income 2015	**17.7**	**12.8**	**8.7**	**2.2**	**8.0**	**49.4**
Operating expenses	(2.0)	(1.0)	(0.5)	(0.2)	(0.5)	(4.2)
Net rental income 2015	**15.7**	**11.8**	**8.2**	**2.0**	**7.5**	**45.2**
Net rental income 2014	11.0	11.8	6.9	2.1	7.1	38.9
Operating expenses in % of gross rental income:						
• in 2015	11.2	8.3	5.6	7.6	6.1	8.5
• in 2014	13.0	7.3	10.1	6.5	6.5	9.3

HIGH STREET SHOPS	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Gross rental income 2014	15.7	3.4	3.8	1.3	-	24.2
Acquisitions	0.1	-	-	-	-	0.1
Taken into operation	-	-	-	-	-	-
Disposals	(0.5)	(1.1)	(0.4)	-	-	(2.0)
Like-for-like rental growth	(0.8)	(0.1)	0.3	(0.1)	-	(0.7)
Gross rental income 2015	**14.5**	**2.2**	**3.7**	**1.2**	**-**	**21.6**
Operating expenses	(2.6)	(0.2)	(0.4)	(0.1)	-	(3.3)
Net rental income 2015	**11.9**	**2.0**	**3.3**	**1.1**	**-**	**18.3**
Net rental income 2014	13.2	3.1	3.5	1.2	-	21.0
Operating expenses in % of gross rental income:						
• in 2015	18.2	7.4	10.6	6.5	-	15.1
• in 2014	15.6	8.7	9.1	8.6	-	13.3

NON-HIGH STREET SHOPS	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Gross rental income 2014	13.6	1.3	10.5	3.9	-	29.3
Acquisitions	-	-	-	-	-	-
Taken into operation	-	-	-	-	-	-
Disposals	(0.3)	(0.1)	(2.8)	(3.1)	-	(6.3)
Like-for-like rental growth	(0.5)	(0.1)	(0.1)	(0.1)	-	(0.8)
Gross rental income 2015	**12.8**	**1.1**	**7.6**	**0.7**	**-**	**22.2**
Operating expenses	(1.8)	(0.4)	(0.6)	-	-	(2.8)
Net rental income 2015	**11.0**	**0.7**	**7.0**	**0.7**	**-**	**19.4**
Net rental income 2014	11.8	1.0	9.5	3.5	-	25.8
Operating expenses in % of gross rental income:						
• in 2015	14.0	33.9	8.3	4.4	-	12.7
• in 2014	13.2	27.2	9.5	10.2	-	12.1

TOTAL	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Gross rental income 2014	41.9	17.5	22.0	7.4	7.6	96.4
Acquisitions	4.9	0.2	1.1	-	-	6.2
Taken into operation	-	0.1	-	-	-	0.1
Disposals	(0.9)	(1.5)	(3.3)	(3.1)	-	(8.8)
Like-for-like rental growth	(0.9)	(0.2)	0.2	(0.2)	0.4	(0.7)
Gross rental income 2015	**45.0**	**16.1**	**20.0**	**4.1**	**8.0**	**93.2**
Operating expenses	(6.4)	(1.6)	(1.5)	(0.3)	(0.5)	(10.3)
Net rental income 2015	**38.6**	**14.5**	**18.5**	**3.8**	**7.5**	**82.9**
Net rental income 2014	36.0	15.9	19.9	6.8	7.1	85.7
Operating expenses in % of gross rental income:						
• in 2015	14.2	9.9	7.5	6.7	6.1	11.0
• in 2014	14.0	9.0	9.6	8.8	6.5	11.1

NET INCOME FROM PROPERTY

GROSS RENTAL INCOME

The gross rental income fell from € 96.4 million in 2014 to € 93.2 million in 2015. The table on page 76 provides an extensive breakdown by type and country of the developments in the gross rental income.

Acquisitions and properties taken into operation (€ 6.3 million increase)

Acquisitions in the Netherlands, Belgium and France increased Vastned's gross rental income by € 6.2 million compared to 2014.
Of the increase, € 4.9 million relates to additional gross rental income due to acquisitions in the Netherlands in 2014 and 2015. Due to the acquisition of Kalverstraat 11-17/Rokin 12-16 and two premium city high street shops on P.C. Hooftstraat gross rental income increased with approximately € 2.6 million. Furthermore, the acquisitions in 2014 in Amsterdam, Utrecht, Maastricht, Den Bosch and Arnhem contributed € 2.3 million in gross rental income.
The acquisition on the Veldstraat in Gent in 2014 and the acquisitions of the premium city high street shops on Korte Gasthuisstraat/ Schuttershofstraat, Armeduivelstraat and Graanmarkt in Antwerp resulted in an increase of € 1.1 million in Belgium. In France the acquisitions in Lyon and Paris in 2014 and 2015 contributed €0.2 million to the growth of the gross rental income in 2015. Furthermore two premium city high street shops in Lille were taken into operation and contributed € 0.1 million to the increase of the gross rental income.

Divestments (€ 8.8 million decrease)

In line with its premium city high street strategy, Vastned sold non-strategic assets totalling € 86.4 million in 2015. In 2014, € 99.0 million in non-strategic assets was sold; in March 2014 the sale of the Spanish shopping centres/ galleries was also finalised. This caused a € 8.8 million fall in the gross rental income compared to 2014, of which € 3.1 million was related to the divestment of the Spanish shopping centres/galleries. In 2014 and 2015 two relatively large Belgian portfolios were sold that lead to a € 3.3 million fall in gross rental income. In France the gross rental income declined with € 1.5 million as a result of divestments in Angers and Bordeaux with an effect of € 0.9 million negative. The other € 0.6 million was caused by the divestment of several smaller assets in France during 2014 which did not fit the portfolio anymore.
In the Netherlands gross rental income fell with € 0.9 million mainly due to divestments of non-strategic assets in 2014 in Heerde, Bussum, Hilversum and to a smaller extent due to divestments in 2015 in places like Purmerend and Capelle aan den IJssel.

Like-for-like rent growth (€ 0.7 million decrease)

The like-for-like rent growth of the gross rental income was € 0.7 million negative. As the table on page 76 shows, the like-for-like growth for premium city high street shops was € 0.8 million positive. The like-for-like growth of the gross rental income was reduced, however, by negative growth in gross rental income due to lower rental income from relettings in the high street and non-high street shop segments, especially in the Dutch portfolio.

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

Operating expenses fell from € 10.7 million in 2014 to € 10.3 million in 2015. Of this decrease, € 1.2 million was due to divestments of non-strategic assets in Belgium, Spain, France and the Netherlands, while acquisitions of premium city high street shops in the Netherlands increased operating expenses by € 0.5 million. Like-for-like, the operating expenses of the high street shops and non-high street shops saw a limited increase. The operating expenses expressed as a percentage of the gross rental income came to 11.0% (2014: 11.1%). Premium city high street shops have lower operating expenses (8.5%) than high street shops (15.1%) and non-high street shops (12.7%).

VALUE MOVEMENTS IN PROPERTY

Taking account of acquisition costs the value movements were € 26.0 million positive (2014: € 0.8 million negative). The value movements comprise a value increase of the premium city high street shops of € 56.9 million, but also value movements on the high street shops and non-high street shops of € 10.3 million negative and € 20.6 million negative. The French, Spanish, Belgian and Turkish property portfolios showed value increases of € 23.2 million, € 7.7 million, € 2.2 million and € 1.1 million respectively. The value of the Dutch property portfolio decreased by € 8.2 million, which included a positive value movement of the premium city high street shops of € 14.3 million, while the value of the high street shops and non-high street shops decreased by € 22.5 million in total.

RESULT ON DISPOSAL OF PROPERTY

In 2015, Vastned sold non-strategic assets totalling € 86.4 million. Of these divestments, € 35.4 million were made in the French property portfolio, while in Belgium € 30.5 million in non-strategic assets was sold and in the Netherlands € 20.5 million. The net result on disposal of property realised in 2015 was € 2.7 million positive after deduction of sales costs, of which € 2.2 million positive was realised in France. In the Netherlands the net result on disposal of property amounted to € 1.1 million positive, while in Belgium the net sales proceeds were € 0.6 million negative.

'You can't put a limit on anything. The more you dream, the farther you get'

MICHAEL PHELPS

EXPENDITURE

NET FINANCING COSTS
The net financing costs including value movements of financial derivatives decreased from € 29.8 million in 2014 to € 26.7 million in 2015. The development of the net financing costs is presented in the table below.

DEVELOPMENT NET FINANCING COSTS (IN € MILLION)

Net financing costs 2014	29.8
Increase due to net acquisitions	1.6
Net decline due to lower average interest rates and changes in fixed / variable and working capital	(7.8)
Less one-off interest payments	1.5
Non-cash component convertible bond	0.2
Value movements financial derivates	0.5
Reclassification unrealised results on financial derivates from equity	0.9
Net financing costs 2015	**26.7**

The net financing costs increased due to on average higher interest-bearing debts as a result of acquisitions; however, due to changes in the composition of the loan portfolio and the expiry, unwinding and retaking out of financial derivatives, the average interest rate on the interest-bearing loan capital fell from 4.1% in 2014 to 2.8% in 2015. In 2015 a number of interest derivatives were unwinded, whereby the negative value of these derivatives of € 4.8 million (2014: € 3.9 million) was transferred from equity to the profit and loss account at the time of unwinding. This transfer does not affect the net asset value.
The value movements in the interest rate derivatives were € 1.7 million negative due to lower market interest rates (2014: € 1.2 million negative). As of 1 July 2015, hedge accounting is no longer used, which is to say that as of this date the value movements of interest rate derivatives are recognised in the profit and loss account.

GENERAL EXPENSES
The general expenses decreased from € 8.9 million in 2014 to € 8.5 million in 2015, predominantly due to lower personnel costs. In early 2014 the Spanish shopping centres/galleries and a retail park were transferred.
The transfer of our Spanish team was part of the transaction, which reduced the general expenses in Spain. Furthermore, in 2014 the termination compensation related to the departure of the then CFO was recognised in the general expenses.

CURRENT INCOME TAX EXPENSE
The current income tax expense was € 1.2 million in 2015 (2014: € 0.5 million). For the normally taxed entities in especially Turkey, Belgium and Portugal the income tax was € 1.6 million. The tax burden in France was € 0.4 million positive due to our successful challenge of an additional tax assessment imposed in 2014, which released the provision formed for this.

MOVEMENT DEFERRED TAX ASSETS AND LIABILITIES
The movements in deferred tax assets and liabilities in 2015 were € 4.4 million negative (2014: € 4.3 million negative). The € 4.4 million allocation to the provision for deferred tax liabilities in 2015 was mainly due to the value increase of the Spanish and Turkish property portfolios.

RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
The result attributable to non-controlling interests relates to the share of minority shareholders in the result of Vastned Retail Belgium NV. The result attributable to non-controlling interests of € 5.3 million (2014: € 7.1 million) consists of the direct and indirect results attributable to non-controlling interests of € 4.4 million positive (2014: € 4.8 million positive) and € 0.9 million positive (2014: € 2.3 million positive) respectively. The direct result attributable to non-controlling interests decreased by € 0.4 million due to the fact that on balance more property was sold than acquired in Belgium. The indirect result attributable to non-controlling interests fell by € 1.4 million. This decrease was due to lower positive value movements in the Belgian property portfolio compared to 2014.

RESULT PER SHARE

The average number of shares outstanding of Vastned remained the same at approximately 19.0 million shares compared to 2014. The result per share amounted to € 3.44 per share (2014: € 1.67). The result comprises of the direct result of € 2.58 per share (2014: € 2.44 per share) and the indirect result of € 0.86 (€ 0.77 per share negative).

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

Direct result 2014	2.44
Like-for-like net rental income	(0.05)
Increase net rental income due to acquisitions	0.30
Increase net rental income due to assets taken into operation	0.01
Decline of net rental income due to divestments	(0.40)
Increase financing costs due to more 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	0.41
Decline of general costs	0.02
Increase of income tax	(0.02)
Decline of result attributable to non-controlling interests	0.01
Decline due to a one-off nature of the net interest gain in 2014 related to the Spanish sale of the shopping centres/ galleries	(0.03)
One-off gain due to the release of a provision related to an additional tax assessment in France in 2015	0.05
Decline due to one-off gain related to a positive outcome of legal procedure with the Belgian tax authorities in 2014	(0.07)
Direct result 2015	**2.58**

FINANCING STRUCTURE

Financing is a one of the cornerstones of Vastned's strategy. Vastned aims for a conservative financing structure, with a loan-to-value ratio of between 40% and 45%, diversification of financing sources e.g. by placing long-term bond loans with institutional investors (such as 'private placements'). The existing interest rate policy to fix the interest rate of approximately two third of the debt portfolio will be continued.

As at year-end 2015, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 41.6% (year-end 2014: 40.3%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 56.0% (year-end 2014: 56.5%).

At year-end 2015, the loans had the following features:

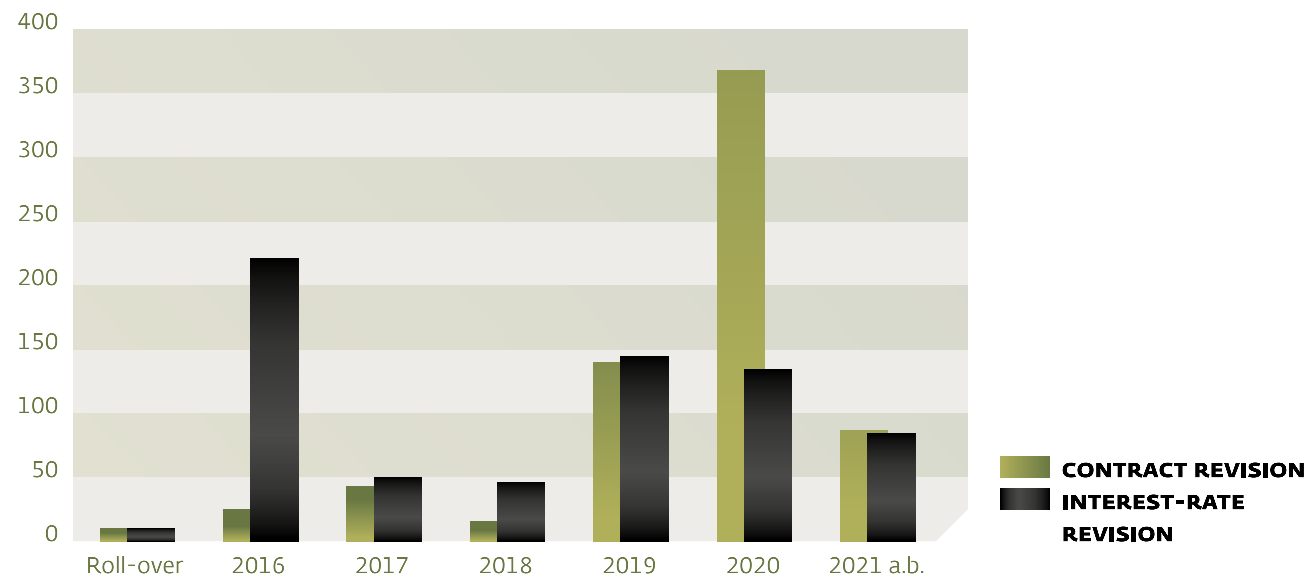
- het the total outstanding interest-bearing debt totalled € 685.5 million (year-end 2014: € 617.0 million);
- the total non-bank loans comprised € 305.9 million (44.6%) of the total outstanding interest-bearing debt;
- in 2020 long-term loans for an amount of € 368.7 million will expire. These include a credit facility with a syndicate of five banks and two private placements;
- 95.2% of the outstanding loans was long-term with a weighted average duration based on contract expiry dates of 4.0 years;
- 66.5% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate swaps, the private bond placements in 2010 and 2012 and the convertible bond placed in 2014;
- a good spread of interest rate review dates, with a weighted average duration of 3.8 years;
- the average interest rate in 2015, taking into account the agreed interest rate derivatives, the private bond placements agreed in 2010 and 2012 and the convertible bond placed in 2014, was 2.8%. The average interest rate based on the interest-bearing debt as at year-end 2015 was 2.7%;
- 33.5% of the outstanding loans had a floating interest rate;
- the negative value of interest rate derivatives amounted to € 5.4 million (year-end 2014: € 11.3 million negative). The negative value of the interest rate derivatives decreased as a result of the unwinding of interest rate swaps (€ 5.8 million) and the reduced duration of the interest rate derivatives we closed in 2015 (€ 1.7 million). On the other hand the negative value of the interest derivatives increased due to changes in the interest rate curve of the interest rate derivatives we concluded in 2015 (€ 1.6 million); and
- the unused credit facilities amounted to € 99.8 million.

With a solvency of 56.0% and an interest coverage ratio of 4.1, Vastned complies with all the loan covenants. All financing contracts stipulate a 45% minimum solvency rate 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.

LOAN PORTFOLIO YEAR-END 2015 (IN € MILLION)	Fixed interest rate [1]	Floating interest rate	Total	As a % of total
Long term debt	431.1	221.4	652.5	95.2
Short term debt	25.0	8.0	33.0	4.8
Total	**456.1**	**229.4**	**685.5**	**100.0**
As a % of total	66.5	33.5	100.0	

1) Interest derivatives taken into account

CONTRACT AND INTEREST-RATE REVISION DATES OF THE LOAN PORTFOLIO YEAR-END 2015 (IN € MILLION)



'My job is what millions of people do for recreation. How can you not like that?'

PAULA CREAMER

DIVIDEND POLICY AND PROPOSAL

The dividend policy states that at least 75% of the direct result per share will be distributed as dividend. In principle, no stock dividend will be distributed. However, this is dependent on any dilution of the result, net asset value per share, the company's capital position and requirement, and on the financing market. The dividend policy 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-year results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

DIVIDEND DISTRIBUTION FOR 2014 AND DIVIDEND PROPOSAL FOR 2015

The Annual General Meeting of shareholders of 24 April 2015 declared a dividend for the 2014 financial year of € 2.00 per share, which was charged to the freely distributable reserves. In August 2014, an interim dividend of € 0.73 per share had already been distributed, so the final dividend per share came to € 1.27.

On 8 September 2015, in accordance with the dividend policy, 60% of the direct result for the first half year of 2015, or € 0.74 per share, was distributed as interim dividend. During the Annual General Meeting of shareholders of 20 April 2016, Vastned will propose to declare a dividend for the 2015 financial year of € 2.05 per share. Taking the interim dividend of € 0.74 into account, a final dividend will be declared of € 1.31 per share. The final dividend will be made payable on 13 May 2016.

2016 OUTLOOK

Vastned expects the polarisation in the retail landscape to continue in 2016. As in 2015, retailers will have to continue to distinguish themselves in order to be successful, inter alia by investing in their (online) supply, service and quality of the staff and the physical and online store. That is the only way for existing retailers to compete with new market entrants, who approach customers in a different way from established players.

At the end of 2015 a number of retailers had to file for bankruptcy, including several of Vastned's tenants. Since this happened at the end of December, there was little impact on the 2015 result. The extent to which these bankruptcies will influence the 2016 results depends on various factors, including the location of the premises affected and the speed of which each bankruptcy is settled.

As in 2015, Vastned will continue to focus on improving the quality of the portfolio with acquisitions in the best shopping streets of major European cities with historic city centres and divestments of non-strategic assets, especially in the Netherlands. The timing of these acquisitions and divestments cannot be foreseen, but does impact the direct result. Moreover, a conservative financing profile and a proactive and hands-on organisation remain important conditions for a successful execution of the strategy.

Over the past year we have taken steps in the rotation towards a portfolio of higher-quality. Also this year Vastned expects to book further progress. The focus will be on selling riskier, i.e. higher yielding assets, and acquiring less risky, i.e. lower yielding assets. This, combined with our expectation that especially in the Netherlands retailers will continue to face difficult times, a direct result for 2016 of between € 2.30 and € 2.40 per share is expected.

PERSONNEL AND ORGANISATION

ORGANISATION: A CRUCIAL PILLAR OF THE STRATEGY

High street property is a market dominated by private ownership. Creating and actively managing a premium city high street shop portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable for this. That is why employees are encouraged to think and act out of the box. Direct contacts and a horizontal organisation ensure fast response times. For its tenants, Vastned wants to be an organisation that speaks their language, is flexible and acts effectively. Vastned offers employees the opportunity to work for a small, ambitious organisation dedicated to creating a high-quality portfolio with leading retailers as tenants.

ONE ORGANISATION WITH LOCAL KNOWLEDGE AND EXPERIENCE

Vastned works with local teams and has offices in Rotterdam, Antwerp, Paris, Madrid and Istanbul. The central management team sits in the Rotterdam head office. In every country, the portfolio management has been set up as efficiently as possible by means of local teams, accounting for the size of the local portfolio.

Depending on their size, the country teams perform the following roles: 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, fiscal and legal services. Most of these staff positions are centralised at the Rotterdam head office.
The teams have a high degree of independent responsibility, but they do adhere to a clear 'Vastned vision' and are supported intensively from head office. There is frequent contact with and also regular accounting to the central management team and its staff functions.

SHARING KNOWLEDGE AND EXPERIENCE STRENGTHENS THE ORGANISATION

The country teams are continuously sharing information they have gained. This occurs partly informally, but also formally during the international account management meetings, which take place three times a year. In addition to the members of the management team, several commercially responsible members of local teams are also represented here. During these meetings experiences and contacts are shared in order to support one another in lettings, but also in acquisitions and divestments. Furthermore, this ensures that Vastned will be better able to assist retailers in their expansion plans. Vastned also invites external speakers to these meetings to give their view on a particular subjects, for example developments in the luxury retail market, expansion plans of retailers and developments in the area of sustainability.

EMPLOYEES

Employees play a crucial role in the transformation to a high-quality portfolio. Vastned motivates its employees to work together and put their backs into it, in order to move forward. That is why Vastned is investing in education, health and social engagement of its employees.

Employees are encouraged to permanently freshen up their knowledge and take relevant courses. In addition, Vastned offers the employees at its Dutch office a (free) healthy lunch consisting of organic products and pays half their gym membership. 24% of the employees are making use of this. Because Vastned believes it is important to contribute to society, but wants to leave it up to its staff to choose the cause they wish to support, employees have the opportunity to take off one day a year to devote to volunteer work.

Every year, a performance review is held with every employee. During these meetings challenging targets are set in mutual 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 stimulus, Vastned grants variable bonuses to its staff, which are determined based on the degree to which the targets are achieved. Country managers, asset managers and senior staff are encouraged to (partially) convert their bonuses into Vastned shares by offering them a 10% discount on the share price at the time of acquisition. In this way, Vastned tries to further align the interests of the employees and the shareholders.

STAFF CHANGES IN 2015

TOTAL NUMBER OF EMPLOYEES DURING THE YEAR (FTES)

	2015	2014
Rotterdam, Netherlands		
• Management / staff	13	14
• Country team	14	13
Paris, France	12	14
Antwerp, Belgium	10	9
Madrid, Spain	1	4
Istanbul, Turkey	2	4
Average number of FTEs 2015	**52**	**58**
Number of staff hired	4	6
Number of staff left	8	23
Male/female year-end 2015	21/29	22/30
Total year-end 2015	**50**	**52**

'I'm a very positive thinker, and I think that is what helps me the most in difficult moments'

ROGER FEDERER

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Vastned's strategy is aimed at generating long-term more predictable and stable results. Hereby a high-quality portfolio and organisation, and a conservative financing policy is essential. The quality of the portfolio will grow by expanding the premium city high street shop portfolio further and by selling non-core property.

Vastned is convinced that a portfolio consisting of high street shops in historical inner cities of major European cities, due to its nature, is more sustainable and stable in value in the long term. By investing in these locations, Vastned contributes to the attractiveness of the historical inner cities and the preservation of (inter)national listed properties and cultural heritage. Extending the functional lifecycle of properties and creating residential space above the retail units further adds to the liveability and safety of these inner cities.
Vastned intentionally focuses on renovation of premium city high street shops, thus maximising the conservation of the embedded energy (as opposed to (re)development); hereby Vastned aims to only use sustainable materials and apply energy efficient measures, where possible. It goes without saying that Vastned is committed to reduce the CO_2 emmission of its portfolio and thus her overal CO_2 footprint.

In 2015 Vastned has formulated a number of corporate social responsibility (CSR) objectives, which represent new steps in its policy and also improve transparency. These objectives are in line with Vastned's principles and overarching strategy. With its strategy Vastned also aims to add value for its shareholders, tenants and staff, as well as to local communities and visitors of historical inner cities.

PRINCIPLES

- **Vastned endorses the ten principles of the United Nations Global Compact in respect to human rights, labour standards, the environment and the fight against corruption**
- **Vastned and its employees will comply with applicable laws and regulations at all times**
- **Vastned strives to minimise its environmental impact**
- **Where possible, Vastned will extend the (economic) lifecycle of its premium city high street shops and improve their energy efficiency**
- **Vastned will do its utmost to preserve listed properties and cultural heritage**
- **In order to promote quality in the organisation and the well-being of its employees, Vastned will continuously invest in its employees**
- **Vastned and its employees will act ethically and with integrity throughout**
- **Vastned aims to continuously provide positive contributions to society**

DEVELOPMENTS IN 2015

OBJECTIVES AND RESULTS

In 2015 Vastned formulated a number of objectives, which are set out in the table below, alongside with the results achieved over the past year. Key results are i.a. that 56% of the leases concluded for premium city high street shops contain a green clause, the number of properties with an EPC increased sharply and the sustainability awareness among employees has gone up evidently, which has helped us to reduce the use of paper in our Dutch office by 7.9%.

	OBJECTIVES 2015	NOTES ON RESULTS
ENVIRONMENTAL IMPACT REDUCTION	Growth of the share of premium city high street shops to 75%	In 2015, Vastned increased the share of premium city high street shops from 60% to 68%.
	Raising the number of properties with an energy certificate (EPC) to 45% by year-end 2015	In 2015 Vastned amply achieved this objective raising the share of properties with an EPC from 37% to 56%. In fact, in the Netherlands the share rose to 68%, in France to 75% and in Spain to 100%.[1]
	Reducing paper use in the Netherlands by 5% in 2015	By taking technical measures and by motivating staff to use less paper, the Dutch staff printed 7.9% less in 2015 compared to 2014.
	A third of all concluded leases in 2015 on premium city high street shops will have a green clause	Vastned easily realised this objective by including a green clause in 56% of all the leases concluded for premium city high street shops.
	As of 2015, at renovations and refurbishments of premium city high street shops, Vastned will use only sustainable materials and implement energy saving measures where possible	In 2015, Vastned carried out and completed one renovation, at Leidsestraat 64/66 in Amsterdam, which is now leased to Ted Baker. In this renovation, 100% FSC timber was used. The property is a protected building due to its location in an urban conservation area, which is also a UNESCO World Heritage site. That means that preserving this heritage was a priority during the renovation. In consultation with the applicable cultural heritage agencies , Vastned renovated the property so as to preserve the historical heritage and extend its economic lifecycle.

1) In Belgium it is currently not possible to request EPCs for commercial units

	OBJECTIVES 2015	NOTES ON RESULTS
PROMOTING THE HEALTH AND WELL-BEING OF EMPLOYEES	Vastned will provide its employees in the Netherlands a daily lunch with organic products and fruit.	Vastned appreciates that healthy food is an important aspect of a healthy lifestyle. For this reason Vastned has provided a daily lunch for its Dutch office since 2015 which consists almost exclusively of organic products.
	Vastned will compensate half of the costs of a gym membership for its employees in the Netherlands	Vastned considers itself to be responsible for promoting a healthy lifestyle among its employees. In 2015, 7 employees (24% of the Dutch FTE's) made use of Vastned's offer to pay half of their gym membership; this scheme has been laid down in the reviewed employee handbook 2015.
	Employees will receive a contribution to supplementary health insurance in the Netherlands	
CONTRIBUTE TO SOCIETY	Vastned will give every employee one additional day off to spend on volunteer work	Despite Vastned's offer, only few of our employees have made use of this offer.
	Vastned will endeavour to create residential apartments above shops where possible	In the Dutch portfolio several projects are in progress since 2015 to renovate and create residential space above shops. • In Amsterdam on Ferdinand Bolstraat, Leidsestraat and P.C. Hooftstraat multiple projects are in progress to renovate apartments. • In Utrecht, at Vinkenburgstraat 8, one apartment will be renovated. • In Maastricht two apartments will be created at Grote Staat 59, a listed building. This project is now in progress. The spaces in Maastricht where the apartments are being created, which were previously unused, will now contribute to the liveability and social security of these historical city centres.

Wind in Turkey

REPORTING

INTERNAL
Since 2015, Vastned's CSR taskforce meets under chairmanship of the CEO to discuss topics including:

- Progress on the realisation of the current objectives;
- Potential objectives;
- Pressing CSR issues;
- Implementation of the CSR policy as a whole;
- Evaluation of CSR policy implementation; and
- Evaluation of results

As head of the CSR taskforce, the CEO has the final say on any actions taken. The CSR taskforce is composed of the CEO, a number of management team members and the real estate business analyst.

EXTERNAL
Every year, Vastned will report on and evaluate its CSR policy simultaneously with the publication of the annual report.

GRESB
Last year, Vastned participated in the GRESB survey for the second time. In 2015, Vastned made great progress compared to 2014, especially in the areas of 'Management', 'Policy & Disclosure' and 'Risks & Opportunities'. The present and new objectives will ensure that our GRESB score improve further. Vastned has committed itself to completing the GRESB survey every year.

GRESB Participant 2015

TRANSPARENCY BENCHMARK
Since 2014, Vastned has reported to the Transparency benchmark. This is an annual survey performed by the Ministry of Economic Affairs into the contents and quality of social reporting by Dutch companies. In 2015 the score improved compared to 2014 and Vastned will continue to work to improve its non-financial reporting. Vastned has committed itself to report to the Transparency benchmark every year.

CLIMATE NEUTRAL GROUP
Since 2010, Vastned offsets the carbon footprint for its Dutch office. This concerns CO_2 emissions from heating, electricity, water and use of paper in the Dutch office. In addition, all air travel, train and car use (including commutes) by all its Dutch staff are set off. Hereby, Vastned supports the 'Wind in Turkey' project: a wind energy park in Turkey 18 kilometres south-east of Bragama.

Climate Neutral Group

OBJECTIVES 2016

In addition to the objectives set for 2015, Vastned has set a number of additional objectives for 2016 which support Vastned's principles and strategy.

	OBJECTIVES 2016	NOTE
ENVIRON-MENTAL IMPACT REDUCTION	Share of premium city high street shops to grow to 75% of the total portfolio	Pragmatically raising the share of premium city high street shops further by selling non-core property and acquiring premium city high street shops, with the objective of having 75% premium city high street shops.
	Number of properties with an EPC to rise to 65% at year-end 2016	In 2016, Vastned will raise the share of properties holding an EPC, weighted for gross rental income, to 65%.
	Use of paper	• Reduce paper use in all Vastned offices by 5% in 2016 • Introduce 100% recycled paper in all Vastned offices
	Implementation of new green and ethical clauses	Developing and implementing a new green and ethical clause in all standard leases, which will be used by all Vastned teams. This clause addresses subjects such as limiting the use of natural resources, circular economy, ILO, international codes and standards of conduct, human rights, child labour and animal well-being.
	Raising the number of leases with a green clause for premium city high street shops	This objective for 2016 has been raised from one third to two thirds. This means that two thirds of the leases for premium city high street shops concluded in 2016 are to contain a green clause.

	OBJECTIVES 2016	NOTE
ENVIRON-MENTAL IMPACT REDUCTION (CONTINUED)	Use of sustainable materials	Since 2015, where possible, Vastned exclusively uses sustainable materials and implements energy-saving measures in renovations of premium city high street shops. In 2016, Vastned will endeavour to implement this objective further. For instance, in 2016 and the years to come Vastned will commit itself, as it did in 2015, to continue to use 100% FSC timber for its renovations. Furthermore, as of 2016 Vastned will introduce sustainable linseed-oil paint for its renovation-projects. As of 2016, as part of the process of renovating homes above shops, an EPC will be drawn up in advance. Based on this, we will determine what is required to improve the homes' energy performance, and the necessary alterations are then made. After the renovation another EPC is drawn up to evaluate the result of the renovation in terms of energy performance. The results will be reported in the next annual report.
	CO_2 reduction through green energy	In 2016, Vastned will supply all communal areas in the Dutch portfolio, for which Vastned itself concludes energy contracts, with electricity generated from wind power in the Netherlands and green gas[2]. This will neutralise the CO_2 emission of these areas 100%.
	Installing 'smart meters'	For all communal areas in the Dutch portfolio for which Vastned itself concludes energy contracts, Vastned will install 'smart meters' in order to be able to measure the gas and electricity use better and create awareness.
	Embedded energy	Vastned will endeavour where possible to reuse materials in renovations and refurbishments.
	Expansion of CO_2 compensation through the Climate Neutral Group	Currently, the carbon footprint of the Dutch office is compensated by the Climate Neutral Group[3]. In 2016, Vastned will expand this to all other Vastned offices.

2) Based on the internationally recognised Voluntary Carbon Standard
3) This concerns the use of gas, electricity, water, paper, and air and train travel and car use by staff (including commutes).

	OBJECTIVES 2016	NOTE
PROMOTING THE HEALTH AND WELL-BEING OF EMPLOYEES	Providing a 100% organic lunch	Vastned will provide a 100% organic lunch to its employees in the Netherlands every day.
	Encouraging employees to do sports	Vastned pays half of the costs of a gym membership for its employees in the Netherlands. • In 2016, Vastned will encourage its staff even more to do sports and to make use of its gym membership scheme. • This gym membership scheme will be expanded to the other Vastned offices.

	OBJECTIVES 2016	NOTE
CONTRIBUTE TO SOCIETY	Vastned will give every employee one extra day off to do volunteer work	Better implementation of the scheme and creating more awareness among all staff to increase take-up of the scheme.
	Residential space above shops	In 2016, Vastned will complete all live-above-shop schemes that are currently in progress in Maastricht, The Hague, Utrecht and Amsterdam. As mentioned earlier, the objectives will include making the homes (more) energy efficient, which will contribute to a better living environment for the occupants and will lower the adverse environmental impact.
	Vastned as a learning environment	Vastned will provide an internship-placement for at least one student per year.
	Adjustment of policy regarding evaluation meetings and performance reviews.	Up till this year, one evaluation meeting was held with employees every year. The objective for 2016 is to increase this to an annual cycle of two meetings, one evaluation meeting and one performance review.

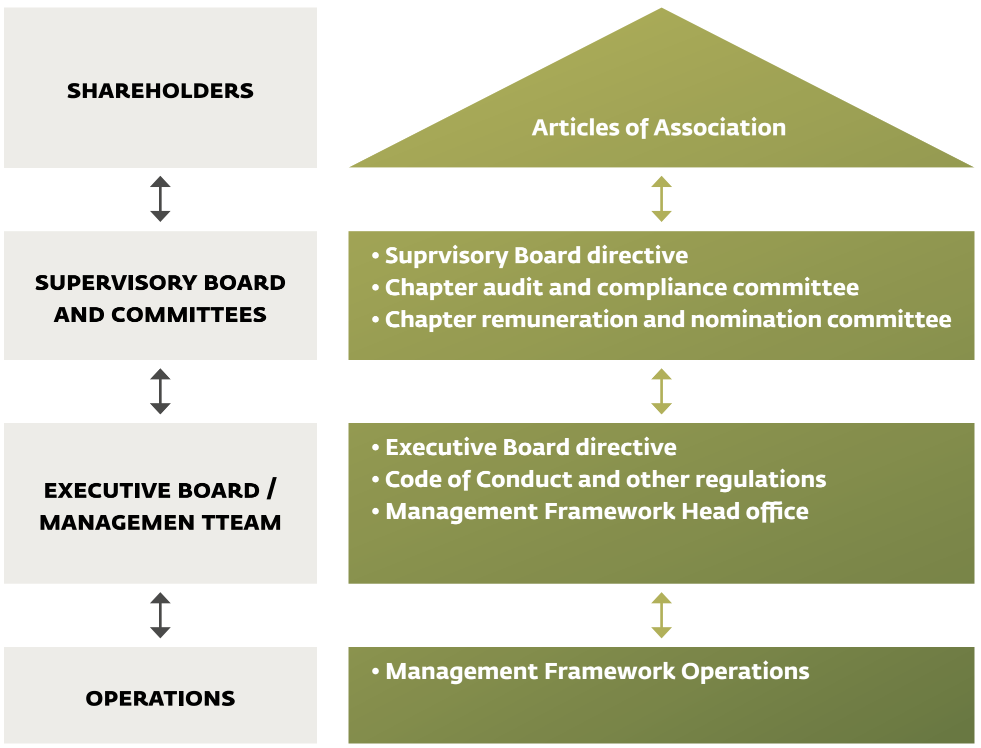
CORPORATE GOVERNANCE

It is Vastned's ambition to match European 'best in class' companies in the area of corporate governance. This chapter describes the corporate governance structure of Vastned Retail N.V. ('Vastned' or 'the company') and the information required by the Dutch Corporate Governance Code ('the Code'). Deviations from the Code must be explained in accordance with the 'apply or explain' principle.

GOVERNANCE STRUCTURE

Vastned is a public limited liability company under Dutch law. Vastned shares are listed and are traded on Euronext Amsterdam. Vastned has a 'two-tier' board system, that is to say that it has a separate Executive Board and Supervisory Board. These bodies are independent from each other and both account to the Annual General Meeting of shareholders.

Vastned's governance structure can be represented schematically as follows, and it further detailed in the paragraphs below.



A list of participations, joint ventures and suchlike is included in the notes to the financial statements on page 207.

Since 22 July 2014, Vastned is no (alternative) investment institution within the meaning of the Financial Supervision Act. However, the regulations for listed companies, as set out inter alia in the Financial Supervision Act, remain fully in effect.
One consequence of the termination of the status referred to above is that the company no longer qualifies as an investment institution with variable capital as defined in Article 76a of Book 2 of the Dutch Civil Code. As a result, the company's Executive Board's statutory authority to resolve to issue or buy-back of shares has been cancelled. The Executive Board now requires approval from the Annual General Meeting to issue or buy-back shares. On 24 April 2015, the Annual General Meeting authorised the Executive Board conditionally and subject to approval until 24 October 2016 to:

1) issue shares or grant rights to acquire shares up to a maximum of 10%, and in the event of mergers and takeovers with a further maximum 10% of the share capital in issue on 24 April 2015;
2) limit or exclude pre-emptive rights when issuing shares or granting rights to acquire shares; and
3) acquire shares in the capital of the company. 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 which are in the interests of the company. The proposal is made in accordance with Article 98, paragraph 4 of Book 2 of the Dutch Civil Code. 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 Euronext Amsterdam, calculated over five trading days preceding the day of purchase. Shares may be acquired up to a maximum of 10% of the share capital in issue on 24 April 2015.

'The object of golf is not just to win. It is to play like a gentleman, and win'

PHIL MICKELSON

MANAGEMENT OF THE COMPANY

EXECUTIVE BOARD AND OTHER MEMBERS OF THE MANAGEMENT TEAM

Main tasks of the Executive Board
The Executive Board is in charge of the day-to-day management, in conjunction with the other members of the management team. Its responsibilities include the realisation of the objectives, the strategy and associated risk profile, developments in the results and aspects of corporate social responsibility relevant to Vastned. The Executive Board carries out its tasks within a framework set in consultation with the Supervisory Board and submits the operational and financial targets, the strategy and the preconditions to be observed to the Supervisory Board for approval.

The Executive Board together with the Managing Director Operations & Investments, General Counsel and the Investor Relations Manager make up the management team.

Appointments, suspensions and dismissals
The Executive Board is appointed by the Annual General Meeting of shareholders based on a binding nomination. The Annual General Meeting of shareholders may remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast, which represent at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but an absolute majority of the votes was cast in favour of a resolution to remove the binding nature of the nomination, a new meeting is convened in which the resolution may be adopted irrespective of the proportion of capital represented at this meeting.
The members of the Executive Board may be suspended or dismissed at any time by a resolution adopted by an absolute majority of the votes in the Annual General Meeting, provided that the proposal for suspension or dismissal was submitted by the Supervisory Board. If not, the Annual General Meeting of shareholders may only adopt such a resolution with an absolute majority of the votes cast which represent at least one third of the issued capital. A member of the Executive Board may also be suspended at any time by a resolution of the Supervisory Board.

Composition Executive Board
Taco de Groot, statutory director, CEO
Reinier Walta, statutory director, CFO

Other members of the management team
Arnaud du Pont, Managing Director Investments & Operations
Marc Magrijn, General Counsel / Tax Manager
Anneke Hoijtink, Investor Relations Manager

The curricula vitae of the members of the Executive Board and other management team members are presented on page 20.

Remuneration of the Executive Board
The 2015 remuneration report for the Executive Board and the Supervisory Board is included on page 227 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/investor_relations/aandeelhouders_vergadering

Share ownership Executive Board
See Chapter 'Shareholder information' on page 42 of this annual report.

Schedule for the potential reappointment of the executive board members

Name	Date first appoint-ment	Date of reappoint-ment(s)	Latest year of resignation
Taco de Groot	2011	2015	Annual General Meeting of shareholders 2023
Reinier Walta	2014		Annual General Meeting of shareholders 2026

SUPERVISORY BOARD

The members of the Supervisory Board are appointed by the Annual General Meeting of shareholders. The Supervisory Board draws up binding nominations for the appointment of new members to the Supervisory Board. The Annual General Meeting may remove the binding nature of a nomination if a resolution to that effect is adopted by an absolute majority of the votes cast, which represent at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but an absolute majority voted in favour of removing the binding nature of the nomination, a new meeting is convened in which the resolution can be adopted regardless of the capital represented at the meeting.

A Supervisory Board member steps down no later than after the Annual General Meeting of shareholders held in the fourth financial year following the financial year in which he or she was appointed. A Supervisory Board member who has stepped down can be reappointed forthwith, on the understanding that members may only serve a maximum of three four-year terms.

A Supervisory Board member may be suspended or dismissed at any time by means of a resolution of the Annual General Meeting adopted by an absolute majority of the votes, provided that the proposal for suspension or dismissal was put forward by the Supervisory Board. In the absence of such a proposal, the Annual General Meeting may only adopt such a resolution with an absolute majority of the votes cast which represent at least one third of the issued capital.

COMPOSITION OF THE SUPERVISORY BOARD

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

The curricula vitae of the Supervisory Board members are presented in the Report of the Supervisory Board on page 22.

REMUNERATION OF THE SUPERVISORY BOARD

The 2015 remuneration report for the Executive Board and the Supervisory Board is included on page 227 of this annual report, and may also be inspected on Vastned's website.

▶ www.vastned.com/investor_relations/aandeelhouders_vergadering

SCHEDULE FOR THE POTENTIAL REAPPOINTMENT

Name	Date first appoint-ment	Date of reappoint-ment(s)	Latest year of resignation
Wouter J. Kolff	2006	2010 2014	Annual General Meeting of shareholders 2016*
Marc C. van Gelder	2015		Annual General Meeting of shareholders 2027
Jeroen B.J.M. Hunfeld	2007	2011 2015	Annual General Meeting of shareholders 2019
Charlotte M. Insinger	2015		Annual General Meeting of shareholders 2027
Marieke Bax	2012		Annual General Meeting of shareholders 2024

* Wouter J. Kolff was appointed to the Supervisory Board for a third term by the Annual General Meeting of shareholders on 25 May 2014. Mr Kolff chose to limit his third term to two years, so that the final date of his retirement will be in 2016.

TASKS OF THE SUPERVISORY BOARD

The Supervisory Board supervises the day-to-day management conducted by the Executive Board and assists the Executive Board with advice. The Supervisory Board is itself responsible for the quality of its performance. Vastned provides the Supervisory Board with the resources necessary to perform its tasks. The tasks and focus areas of the Supervisory Board include:

- realisation of the company's objectives;
- the strategy and the risks associated with the business operations;
- the structure and functioning of the internal risk management and control systems;
- the financial reporting process, and compliance with laws and regulations;
- disclosure of, compliance with and enforcement of the company's corporate governance structure;
- the relationship with shareholders; and
- the social aspects of conducting business that are relevant for the company.

Every year after the close of the financial year, the Supervisory Board will draw up and publish a report on the performance and activities of the Supervisory Board and its committees during the financial year in question. For a full list of the Supervisory Board's tasks, reference is made to the regulations drawn up by the Supervisory Board, which can be found on the website.

▶ www.vastned.com/corporate-governance/reglementen_en_codes

Chairman of the Supervisory Board

The chairman of the Supervisory Board has a coordinating task. The chairman ensures compliance with the requirements of the best-practice provisions detailed in III.4.1 of the Code. He is assisted in this by the General Counsel.

Nature of share ownership (principle)

Members of the Supervisory Board may only hold shares in Vastned as a long-term investment and must purchase these shares at their own cost. In purchasing and selling shares, they will comply with the regulations adopted by the company as meant in Article 5:65 of the Financial Supervision Act. Transactions are also reported to the Netherlands Authority for the Financial Markets in compliance with the relevant regulations. As at 31 December 2015, none of the members of the Supervisory Board held any shares in Vastned.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Vastned is committed to upholding the highest standards in the area of corporate governance, including compliance with the Code and its principles. In the interests of the transparency that is inextricably linked to corporate governance, Vastned continues its policy of extensively reporting in the annual report on the way in which its corporate governance functions, and the extent to which the Company complies with the Code.

Vastned affirms that it complied with all best-practice provisions of the Code throughout 2015.

Any change to the corporate governance structure and compliance with the Code will be placed on the agenda of the Annual General Meeting of shareholders. The Company makes its corporate governance documents, such as the articles of association and the Supervisory Board regulations, on its website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

INDEPENDENCE AND CONFLICTING INTERESTS

Vastned considers it very important for the members of the Executive Board and the Supervisory Board to act independently, without any conflicting interests. It has adopted a number of regulations and codes to ensure this.

During the 2015 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.

INDEMNITY

The conditions attaching to the indemnity of the members of the Executive Board and the Supervisory Board against liability claims from third parties are laid down in the articles of association of the company and have been provided to all of their members. In 2015, 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 generally discussed:

- a detailed report by the Executive Board on the financial year recently ended, with notes on the strategy and the state of affairs;
- the dividend and reservation policy;
- corporate governance; and
- the remuneration report.

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

- adoption of the annual accounts for the past financial year;
- (final) dividend declaration for the past financial year;
- the issue or buy-back of Vastned shares;
- discharge of the members of the Executive Board for the management conducted during the past financial year;
- discharge of the members of the Supervisory Board for the supervision exercised over the management conducted by the Executive Board during the past financial year;
- (re)appointment of a member of the Supervisory Board or the Executive Board;
- amendments to the articles of association; and
- adoption of the remuneration policy.

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 published on time. The external auditor is also involved in the contents and publication of the semi-annual figures, the annual accounts 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 accuracy of the annual accounts. The external auditor in all cases attends the meetings of the Supervisory Board and/or the audit and compliance committee in which the annual accounts 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/corporate-governance/articles_of_association

PARTICIPATION AND VOTES

It deems a high degree of shareholder participation in these meetings of the greatest importance. Shareholders are encouraged to take part in the meetings and to use the opportunity to pose questions.

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

There are 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 the respective meetings, all of which may be found on our website.

▶ www.vastned.com/corporate-governance/articles_of_association
▶ www.vastned.com/InvestorRelations

CODE OF CONDUCT, INCIDENT SCHEME AND WHISTLEBLOWER'S CODE

Vastned reviewed the Code of Conduct that applies to all employees and the Executive Board in 2015. The whistleblower's code was also reviewed; this code allows employees and Executive Board members to report abuses within the company without fear for their own employment. The texts of these regulations and codes have been published and may be inspected on Vastned's website.

▶ **www.vastned.com/corporate-governance/regulations_and_codes**

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 39 in this annual report. The rights vested in these shares are laid down in the company's articles of association, which can be inspected on the Vastned's website. Briefly, the rights conferred on ordinary shares consist of the right to attend the Annual General Meeting, to address the meeting and exercise the voting right, and the right to receive distributions from the company's profits after reservations. As at 31 December 2015, 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 42 in the chapter 'Shareholder Information' in this annual report. The section 'Share Ownership' lists shareholders holding an interest of 3% or more at year-end 2015.

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 right.

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.

i) The general powers of the Executive Board are laid down in the articles of association. On the first page of this chapter on page 94, the authorities granted by the Annual General Meeting to the Executive Board to issue or buy-back shares are presented.

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 offer 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, please see the relevant sections of the 2015 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 can be found in the chapter 'Corporate Governance' on page [xxx] of the annual report:

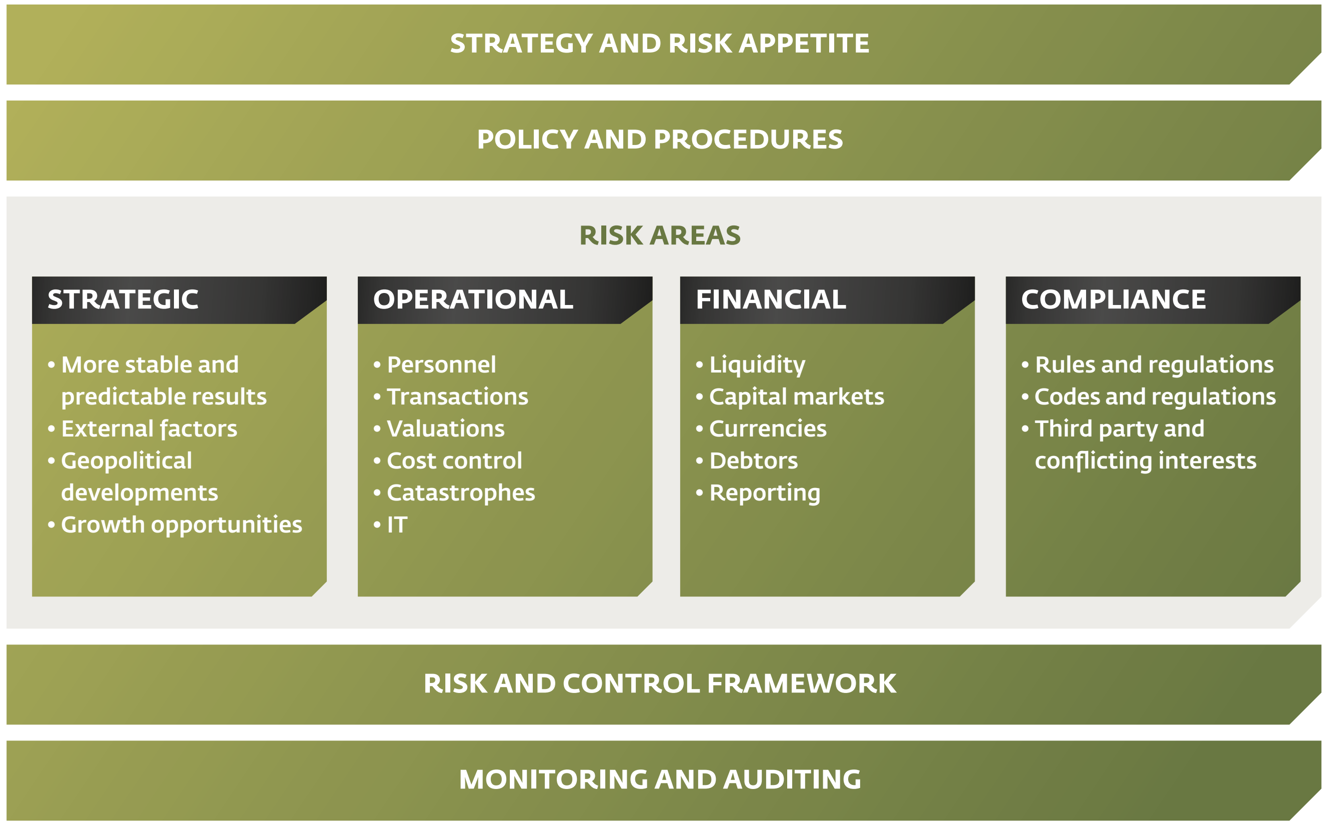
- the disclosure concerning the main features of the risk management and control system relating to the financial reporting process of the company and the Group, as described in the section 'Risk Management' on page 102 in the annual report;
- the disclosure regarding the functioning of the shareholders' meeting and its main powers, and the rights of the shareholders and how they may be exercised as described in the chapter 'Corporate Governance' on page 94 of the annual report;
- the disclosure regarding the composition and functioning of the Executive Board, as included in the 'Report of the Executive Board' on page 51 and the Management team on page 20 of the annual report;
- the disclosure regarding the composition and the functioning of the Supervisory Board and its committees, as contained in the 'Report of the Supervisory Board' and the 'Composition of the Supervisory Board' on page 117 and page 22 of the annual report respectively;
- the disclosure pursuant to Article 10 of the EU Takeover Directive is included in the chapter 'Corporate Governance' on page 100 in the annual report.

RISK MANAGEMENT

The following chapter describes Vastned's risk management and control system.

This risk management and control system forms an integral part of the business operations and reporting, and aims to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified and controlled adequately within the margins of a conservative risk profile.

RISK MANAGEMENT AT VASTNED



STRATEGY AND RISK APPETITE

Vastned's objective is to invest in retail property in the most popular shopping streets of major European cities with historic city centres in order to realise more predictable and stable results in the long term and to contribute to the liveability and safety of these historic city centres. To achieve this objective, Vastned pursues a strategy based on three pillars: (i) a portfolio of at least 75% premium city high street shops, (ii) a hands-on, proactive and pragmatic organisation and (iii) a conservative financing strategy. This strategy was established in 2011 and sharpened in 2014.

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 property in selected premium cities testifies. Quality is preferred over 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.

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

"Tone at the top"
The Executive Board and the management team consider effective risk management as a critical success factor, and its importance is widely stressed within the company. Due to its importance, management has raised risk management within Vastned to a higher level.

POLICY AND PROCEDURES

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

Corporate Governance
Corporate governance is the system underlying how an organisation is managed and controlled. Vastned considers good corporate governance as one of the leading factors in being able to successfully execute the strategy. Being a listed company, Vastned has translated the requirements set by corporate governance rules and standards into procedures within the company. An extensive description of Vastned's corporate governance is presented in the chapter Corporate Governance.

General Code of Conduct and associated regulations
One of Vastned's fundamental documents is the Code of Conduct. This Code of Conduct contains the principles that Vastned considers fundamental: for the business, for employees, tenants, banks, business relations, shareholders, for society and for the interaction between these groups. The Code of Conduct aims to make the employees aware of acting honestly and transparently by recording what is, and what is not, considered to be acceptable behaviour.

Next to the general Code of Conduct, Vastned also has an incident scheme and a whistleblowers' code in place. These regulations are extensions of the Code of Conduct and are intended to facilitate reporting (alleged) incidents to a person of trust, anonymously (whistleblowers' code) or otherwise. They describe the steps that are followed when (alleged) incidents are reported to a person of trust. The regulations contribute to ethical awareness within Vastned's company culture.

In 2015 a reviewed general incident scheme was adopted, which took effect on 1 January 2016. In addition, the Code of Conduct, the whistleblowers' code, the regulation on private investment transactions, the Executive Board regulations and the Supervisory Board regulations were also reviewed. These regulations, too, took effect in the organisation on 1 January 2016, where relevant following an extensive personal and practical introduction.

The full text of the regulations is available on Vastned's website.

‘Every season is a new challenge to me, and I always set out to improve in terms of games, goals, assists’

CRISTIANO RONALDO

RISK AREAS

Below, a description is provided of the main risks to which Vastned is exposed in the context of the execution of its strategy. In addition to these strategic risks, the main financial, operational and compliance risks are set out.

STRATEGIC RISKS

Strategic risks relate to realising more stable and predictable results, timely anticipation of external and geopolitical factors, and ensuring that the growth possibilities of the share of premium city high street shops are not limited.

More stable and predictable results

When determining the strategy in 2011 offering shareholders more stable and predictable results was a key choice. There is a general strategic risk that the choice of investment country, type of investment, relative size and time of investment do not lead to more stable and predictable results. In order to mitigate this risk, Vastned invests only in the best properties in the most popular high streets in selected premium cities. At year-end 2015 the share of premium city high street shops was 68% of the total portfolio. Next, Vastned has a very stric acquisition process, whereby it must be established for every property how it fits in the portfolio and what it will contribute to the results in the long term. The present property portfolio is also constantly scrutinised, and properties that no longer fit the Vastned profile could be sold.
To offer more stable and predictable results a strategic decision for a conservative financing strategy was made, which seeks to keep debt financing between 40% and 45% and up to one third of the loan portfolio will have a floating rate.

External factors

One strategic risk is that Vastned might not be able to adequately respond to external factors. There is an inherent risk that the choice of investment country, type of investment, relative size and time of investment are influenced by changes in inflation, exchange rate fluctuations, consumer spending, tenancy legislation and permit policies. This may impact the projected rent developments and demand for retail locations, and consequently the value development of investments. In the annual strategy sessions and by interim monitoring of the developments any potential external changes are followed closely, allowing us to respond quickly and adequately.

Geopolitical developments

Vastned is an international company with entities in several countries, which means that political developments can impact the results of the company. Specifically for Vastned, geopolitical events in Turkey may increase the market risk. This risk has limited impact on Vastned as a whole because of the size of the Turkish property portfolio (maximum 10% of the total property portfolio), which is focused on retail property in the best high streets in Istanbul. Vastned's investments are primarily concentrated in cities in the Eurozone with a relatively stable political and economic climate, being in the Netherlands, France, Belgium, Spain and Portugal.

Growth opportunities

As a listed company, Vastned strives to realise an attractive return for its shareholders. The company aims to grow further in premium city high street shops. There is a risk that limited availability of suitable retail properties might hamper the growth of the share of premium city high street shops. 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. Quarterly, progress on the execution of the strategy and the business plan is evaluated in consultation with the Supervisory Board.

OPERATIONAL RISKS

Operational risks are risks that arise from potentially inadequate processes, people, systems and/or (external) events. The key operational risks for Vastned relate to the quality of staff and consultants, the execution of transactions, the quality of the valuation, control of the IT environment, catastrophes and cost control.

Quality of staff and advisors

Having the right organisation is one of three pillars of the strategy. That is why recruiting and retaining the right staff is highly important to Vastned. However, due to the size of the organisation, scarcity in the employment market or geographical location, recruiting the right employees may be difficult. Having insufficiently qualified employees may compromise achieving strategic objectives. This is also applicable to the hiring the right consultants.

Vastned endeavours to prevent this risk through an active HR policy with standards for hiring, evaluating and rewarding employees. The Executive Board annually evaluates the HR policy and its implementation within Vastned in terms of its suitability and attractiveness in relation to Vastned's strategy. The HR policy is part of the business plan and is discussed with the Supervisory Board annually.

Additionally, Vastned only works with reputable consultants, who have proven experience in the areas where they are hired for. Price is therefore not a decisive argument for choosing a particular consultant.

Execution of transactions

A range of risks is associated with the execution of transactions, such as risks arising from transactions and (external) events, incorrect performance of a divestment or investment analysis, and risks that due to the nature of a property, location and/or the quality of the tenant the property cannot be let at the anticipated rent (leading to vacancy) or that the rent cannot be collected.

Potential consequences of incomplete control of these risks are an incorrect assessment of the risk return profile, late investment or divestment, negative impact on (future) net rental income, inter alia due to vacancy and the corresponding inability to charge service costs, and unexpected negative value movements resulting in a lower (than expected) direct and indirect result.

Vastned has careful acquisition and divestment procedures in place to mitigate the risks set out above, which comprise:

- An extensive due diligence investigation to assess the financial, commercial, legal, construction and tax aspects using a standardised due diligence checklist;
- Involvement of various disciplines in acquisitions and divestments;
- Standard format for investment and divestment proposals; and
- Internal authorisation procedures (investments and divestments exceeding € 25 million and refurbishments exceeding € 10 million are subject to Supervisory Board approval).

The quality of the valuations
There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may lead to a lower indirect result and reputational damage, as well as potential claims due to expectations wrongly raised among stakeholders.

This risk is mitigated by the fact that all valuations are carried out in conformity with Vastned's valuation procedure, and are performed by reputed independent external appraisers, who are replaced regularly (every three years). The procedure is that the larger properties, with an (expected) value of more than € 2.5 million, are valued every six months by internationally reputed appraisers. Smaller properties (≤ € 2.5 million) are appraised externally once a year, spread evenly across the half years.

Cost control
Unexpected rises in operating expenses, general expenses or unexpectedly having to make additional capital expenditure can potentially lead to an incorrect assessment of the risk return profile, and to a lower direct and indirect result.

To prevent this, Vastned has extensive procedures in place for budgeting and maintenance projections. In addition, there are authorisation procedures in place 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 gives rise to extensive damage to one or more properties, with the potential consequence of loss of rental income, a lower direct and indirect result, and claims and legal proceedings by 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; separate earthquake cover has been taken out for the property portfolio in Istanbul.

Control of the IT environment
Effective control of the risks associated with the functioning or the security of the internal IT infrastructure is of vital importance to Vastned. The impact of incomplete control of the IT risks is the inability to issue prompt or correct internal or external reports, loss of relevant information or unauthorised access to information by third parties, and reputational 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 Vastned's liquidity, the capital markets (both the financing and refinancing risks and the interest rate risk), currencies, 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 not enough equity or (long-term) loan capital can be attracted or only at unfavourable conditions, or that loan covenants are breached; creating a situation in which there is not enough financing room for investments, in which the company is forced to sell property or financing costs increase, which may potentially lead to a lower direct and indirect result and reputational damage.

Interest-rate risks emerge as a result of interest-rate fluctuations, which may increase financing costs and consequently decrease the direct result.

Vastned has put the following control measures in place in order to mitigate the abovementioned risks:

- Limiting loan capital financing to a maximum of 45% of the market value of the property.
- Limiting the share of short-term loans to a maximum of 25% of the loan portfolio.
- Vastned strives to spread its financing over multiple banks and other sources, such as private bond placements. The share of non-bank financing must be at least 25%.
- No more than a third of the loan portfolio has a floating interest rate;
- Internal monitoring by means of periodic internal financial reporting, 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 Executive Board meetings on these matters and discussion of these reports with the audit and compliance committee and the Supervisory Board.

Currency risks
Currency risks relate to risks arising from currency fluctuations, which may impact the company's income and lead to a lower direct and indirect result.

Vastned does not have major exposure to currency risks, because it predominantly invests in the Eurozone. However, it does invest a maximum of 10% of the total property portfolio in Istanbul, Turkey. The vast majority of the currency risk in Turkey, however, is mitigated by concluding leases in euros.

Debtor risk
The debtor risk relates to the loss of rental income due to tenants defaulting on rent payments and bankruptcies, leading to a lower than expected direct and indirect result.

In order to mitigate the debtor risk, Vastned screens tenants before entering into leases. In addition, their financial position and payment behaviour is monitored by means of regular discussions with tenants and by consulting external sources of information. Tenants must also provide bank guarantees and/or guarantee deposits. Within Vastned, debtor meetings are held every quarter, in which decisions are also made on making provisions for bad debts. The Supervisory Board is updated every quarter on debtor risks.

Reporting risk
The reporting risk relates to the impact of incorrect, incomplete or late availability of information on internal decision-making processes or those of external parties (including shareholders, banks and supervisors), which may result in reputational damage and potential claims due to expectations falsely raised among 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 forecasts and analyses of financial results;
- appraisal procedures (independent external appraisers who are frequently rotated, internal IRR analyses and use of internationally accepted appraisal guidelines);
- periodic business report meetings in which the reports on the operational activities are discussed with the country managers;
- group instructions on accounting principles and reporting data, as well as internal training in the area of IFRS et cetera; and
- regular Executive Board meetings and discussion of the findings of external audits with the audit and compliance committee and the Supervisory Board.

COMPLIANCE RISKS
Compliance risks are risks associated with non-compliance or inadequate compliance with laws and regulations or unethical actions, with potential consequences like reputational damage, claims and legal proceedings, giving rise to a lower direct result. Effective control of compliance risks is of vital importance to a property company such as Vastned in view of the historical general behavioural risk in the property sector.

Laws and regulations / Codes and regulations
As described earlier, Vastned has a general Code of Conduct and related regulations in place. Breaches of the Code of Conduct and unethical actions 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. In addition, the general Code of Conduct, incident scheme and whistleblowers' code have been amended and updated. Compliance with the Code of Conduct is discussed at least once a year with employees, at which time they are explicitly asked to sign for compliance with the Code. Country managers sign an internal representation letter at least once a year.

Third parties and conflicting interests
Insufficient knowledge of tenants, sellers, buyers or parties acting for Vastned carries the risk of doing business with people who might damage Vastned's reputation. Furthermore, conflicts of interest of and between employees and third parties may cause reputational damage, claims and legal proceedings, resulting in higher costs and a lower direct result.

As part of the due diligence process, third parties must be screened using a due diligence checklist. The findings will be included in the due diligence report for the Executive Board to base its decisions on. Conflicting interests are included in the general Code of Conduct (see Laws and regulations / Codes and regulations).

RISK AND CONTROL FRAMEWORK

The set-up and functioning of the related internal risk management and control systems were periodically evaluated over the past few years and discussed with the Supervisory Board. The external auditor's analysis revealed in 2014 that Vastned has a sound risk management system in place, although the identification and updating of risks might be improved.

The Executive Board and the Supervisory Board then resolved that in 2015 the Executive Board would draw up an integral risk and control framework in which all control measures taken for all core processes are recorded. This framework was not only to describe the actual internal control measures, but also to structure the way these risks are analysed and controlled. The Executive Board and the Supervisory Board believe that implementing such a framework in the organisation would further contribute to being 'in control'.

The review over the past year of the existing risk management and control systems has resulted in an integral risk and control framework. The integral risk and control framework is subdivided into four risk areas: strategic, operational, financial and compliance risks. Subsequently, the framework states what the chance is that a risk will present itself and what the impact is. Finally, for each risk an owner is designated who is responsible for the implementation of the control measures.

Furthermore, a start has been made on updating the framework for the administrative organisation and internal control, which is clearly linked to the integral risk and control framework.

The Executive Board annually carries out an analysis of the potential risks to the achievement of the strategic and other objectives. This analysis forms 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 will be adjusted annually.

Every quarter, based on a dashboard the Supervisory Board is updated on the progress of the control of the improvement measures.

MONITORING AND AUDITING

MONITORING
In response to the review of the risk management and control system, an extensive check was made in 2015 of the control measures at 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.

As mentioned earlier, Vastned has procedures in place to report incidents, either anonymously or otherwise. No integrity incidents were reported in 2015.

AUDITS
Every year, the audit and compliance committee reviews how the internal audit function within Vastned is fleshed out. In 2015 it was determined that the internal audit function will be contracted out to a high-quality independent external party and in deviation from the Corporate Governance Code no internal audit department will be set up. Given the limited complexity of daily transactions and the short lines, the absence of a separate internal audit department is deemed an acceptable risk. The external party has been hired to test the functioning of various internal procedures in the countries by means of random checks. Finance and accounting specialists from head office also visit every country office at least twice a year.

In 2015, the Executive Board drew up an audit plan in consultation with the audit and compliance committee. Based on this plan, BDO Consultants BV was tasked with performing an audit of maintenance costs in the Netherlands, of the acquisition and divestments processes in France and of the effectiveness of the Spanish organisation after the sale of a large part of the local portfolio in early 2014. This audit did not highlight any significant findings.

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;
- that the system of internal controls functions adequately and effectively;

- that 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;
- that they have brought all events that may substantially impact the financial statements to the attention of the Executive Board and that they have been included in the reports;
- that all contractual obligations that may impact present 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;
- that the country organisation has in no way provided loans or guarantees to employees or their families; and
- that there have not been any events after balance sheet date that require adjustment of 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 2015 (ceteris paribus).

MOVEMENT	EFFECT
• 100 basis point interest rate increase	• Direct result € 0.12 negative per share
• 25 basis point increase of net initial yield used in appraisals	• Indirect result € 3.86 negative per share, loan-to-value ratio 216 basis points negative
• 100 basis point decrease of the occupancy rate	• Direct result € 0.05 negative per share

RESPONSIBILITY STATEMENT

IN RESPECT OF ARTICLE 5.25C OF THE FINANCIAL SUPERVISION ACT

In line with best practice provision II.1.5 of the Dutch Corporate Governance Code and Article 5.25c of the Financial Supervision Act, the Board of Management states that to the best of its knowledge:

- the 2015 consolidated financial statements give a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries;
- the additional management information set out in this annual report gives a true and fair view of the state of affairs at the balance sheet date and the developments during the reporting period of Vastned and its consolidated subsidiaries; and
- the material risks to which Vastned is exposed are described in this annual report.

Rotterdam, 8 March 2016

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

‘Without **concentration** you might as well give up before you even start’

Sanne Wevers

Sanne Wevers has had a great year. In April, the 24-year-old won a bronze medal on the uneven bars at the European Gymnastics Championships in the French city of Montpellier. Next, she directly qualified with the Dutch gymnastics team for the Olympic Games, and then she topped it all with a silver medal on the balance beam at the World Championships in Glasgow. Over just one year, Wevers’ life has changed dramatically. We talked to her.

'I do find concentration and focus challenging. There have certainly been times when I thought: Well, I was focused, but may be not quite focused enough for the best possible performance'

How important is concentration for a gymnast?
'Extremely important. Especially on the balance beam. You know it's just ten centimetres wide, and just one mistake and its all over. Your concentration must be spot on. When you aren't concentrated, you might as well give up before you even start.'

Have you ever felt after an exercise: It didn't go well because I wasn't concentrated enough?
'I do find concentration and focus challenging. There have certainly been times when I thought: Well, I was focused, but may be not quite focused enough for the best possible performance. I've learned a lot from those times.'

In 2015 you did fantastically well. Everybody now has high expectations of you. Is that something that gets to you?
'I'm a pretty balanced person. I love gymnastics and I want to keep getting better, not because people expect it of me, but because that is what I want. Every day, with no one watching, I'm trying to push my boundaries in training. But a certain level of pressure benefits professional athletes.'

Are you superstitious?
'Well, I wouldn't call it that, but there are certain things that I always do before a tournament. As a gymnast, you have to be in the right mindset before you compete. There is one peculiar thing that I always do. Before I leave the house to compete, I always make my bed. I just feel I should leave things in order. And I always listen to the same song before a tournament: On A Mission by Gabriella Cilmi. When I hear that song, I think: Right, time to perform!'

What's your view on fair play in the world of sports?
'I suppose it's more visible in other sports than gymnastics. In football you see it every weekend. There is a lot to fair play - it also involves the use of banned substances. I don't quite know what to say about it, it's not something I really think about. For me, it's just not an issue, and I have no idea of the lengths some people are prepared to go to win. Of course, I want to compete fairly, but I know that some gymnasts will cheat.'

This year did not begin auspiciously for you and your twin sister Lieke, with all the negative things that happened outside actual gymnastics. After Frank Louter was made coach, you both were no longer welcome at your old club, and you were forced to move to Heerenveen. Despite all that, you managed to perform fantastically well in major tournaments.
'That's right. The beginning of the year was no picnic, but I have always had a certain vision. I know where I want to go, and what my dreams are. Once I have made my mind up, it has to happen. I won't let anything stop me.'

What has been the climax of your career so far?
'The last World Championships in Glasgow and how well I performed there. I will never forget that. I hope I'll be able to reach new heights this year at the Rio Olympics. I've always dreamed about competing in the Olympic Games, and it's great that my dream will come true next year. It's a long time yet, but I'm already looking forward to it.'

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REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

DEAR SHAREHOLDERS, TENANTS, COLLEAGUES AND OTHER RELATIONS,

As the CEO has already said in his preface, the polaristion in the retail landscape became even clearer last year. Monitoring this development has been a special point of attention for the Supervisory Board over the past year.

The focus on premium city high street shops ensured that Vastned in 2015 realised good results and that Vastned is better able to withstand the challenges in the present retail landscape. Through targeted acquisitions and divestments the share of premium city high street shops increased from 60% at year-end 2014 to 68% of the total portfolio at year-end 2015. In the area of financing, too, the Executive Board has made good progress: at 41.6%, the loan-to-value ratio remained with the desired range and the financing costs declined sharply.

In 2015 there were also extensive discussions between the Executive Board and the Supervisory Board. The Supervisory Board is delighted with the reappointment of CEO Taco de Groot for another four-year term, with Marc van Gelder and Charlotte Insinger as new members of the Supervisory Board and with the reappointment of Jeroen Hunfeld. Other important items on the agenda of the Supervisory Board were preparing an entirely new remuneration policy for the Executive Board, the selection of the external auditor as of 2016, a review of the various regulations and codes within the organisation, discussion of the new CSR policy and implementation of a new risk and control framework.

You can read a detailed account of the policy conducted and the company objectives realised in the Report of the Executive Board on page 51 and following. In this report of the Supervisory Board we account for the way in which we have dealt with our tasks and responsibilities.

COMMITTEE MEMBERS AND ATTENDANCE

Supervisory Board meetings 2015	Regular: 6	Ad-hoc: 4
Wouter J. Kolff [c]	6/6	4/4
Pieter M. Verboom [1]	3/3	1/2
Marc C. van Gelder [2]	3/3	2/2
Charlotte M. Insinger	3/3	2/2
Marieke Bax	6/6	4/4
Jeroen B.J.M. Hunfeld	6/6	4/4

1 retired in accordance with retirement roster on 24 April 2015
2 newly appointed on 24 April 2015
v chair

Others attending (parts of) the Supervisory Board meetings were the CEO, CFO, General Counsel, the Managing Director Investments and Operations, the external auditor Deloitte, the internal auditor BDO and external adviser CPI Risk & Governance concerning risk & control.

HIGHLIGHTS 2015

- **Monitoring the progress on strategy and approval of the business plan for 2016-2018**
- **CSR policy and objectives**
- **Acquisition Kalverstraat 11-17/Rokin 12-16 in Amsterdam (€ 108 million)**
- **Monitoring capital and financing structure**
- **(Re)appointments on the Supervisory Board and the Executive Board**
- **Review of the remuneration policy**
- **Set-up and implementation of Risk & Control framework**
- **Evaluation of present external auditor and selection for a new accountant in 2016**
- **Working visits to French and Dutch organisation**
- **Annual accounts 2014 and results for 2015**
- **Self-evaluation**

Kalverstraat 11-17 / Rokin 12-16, Amsterdam

PRIORITIES FOR 2016

- **Monitoring progress on objectives of 2016-2018 business plan**
- **Monitoring capital and financing structure**
- **Further improving the quality of the organisation**
- **Further implementation of Risk & Control framework**
- **Further implementation of CSR policy**
- **Working visit to Belgian organisation**

SUPERVISORY BOARD COMMITTEES AND TASKS

The Supervisory Board was supported in 2015 by two committees: the audit and compliance committee and the remuneration and nomination committee.
In view of its nature and activities, the previously separate selection and appointment committee was merged with the remuneration committee as of 1 May 2015 to form 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/corporate-governance/regulations_and_codes

GENERAL AND WORKING METHODS

In 2015, the Supervisory Board met ten times in total. During these meetings, regular recurring subjects were discussed and evaluated, including financial results and the operational state of affairs. The acquisition of Kalverstraat 11-17/Rokin 12-16 in Amsterdam and (re) appointments to the Supervisory Board and the Executive Board were also discussed in separate meetings.

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 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 at various times 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. Individual members of the Supervisory Board visited several of Vastned's retail locations both in the Netherlands and abroad and talked to the various staff members.

The General Counsel acts as secretary both of the Executive Board and of the Supervisory Board. He also deals with the normal organisational tasks of the Supervisory Board, and provides individual support to the members of the Supervisory Board, specifically to its chairman.

NOTES ON MEETING TOPICS AND OTHER INFORMATION

BUSINESSPLAN

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

The Supervisory Board notes that the Executive Board, also in its new composition in 2015, has realised excellent results in the execution of the business plan. For example, the share of premium city high street shops increased to 68% (2014: 60%), the properties were concentrated further, the diversification of financing continues to be very positive with 44.6% non-bank debt, and the loan-to-value ratio fell from 44.6% to 41.6%. Progress was also made in the area of entrepreneurship and on improving the quality within the organisation, by attracting new employees, by training and by further strengthening internal knowledge exchange.

ANNUAL FIGURES 2014

During 2015 the results for the 2014 financial year, the annual accounts 2014 and the report of the external auditor were discussed. During 2015 Deloitte's report and management letter for 2014 were 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

In early 2015, the Supervisory Board reached agreement with CEO Taco de Groot on the nomination for his reappointment. This nomination was then accepted and approved by the Annual General Meeting of shareholders on 24 April 2015. The Supervisory Board wishes to express its delight with the reappointment of Taco de Groot. As CEO and chairman of the management team, Mr De Groot has contributed materially to the solid foundation that the company has laid down in the past few years, which has ensured that Vastned's results have become more predictable and stable. The Supervisory Board is confident that Mr De Groot and the management team will be able to successfully implement the updated strategy further, and praises his experience as a property specialist and his inspirational leadership style.

On 24 April 2015, the Annual General Meeting of shareholders appointed Charlotte Insinger and Marc van Gelder as new members of the Supervisory Board; Jeroen Hunfeld was reappointed, and Pieter Verboom retired in accordance with the retirement schedule. Wouter Kolff announced during the 2014 Annual General Meeting that he would step down from Vastned's Supervisory Board in 2016. In order to ensure a smooth transition, the Supervisory Board would therefore have five members for a period of one year.

In its nominations for (re)appointments to the Supervisory and Executive Boards, the Supervisory Board has partly based itself on the profile, the requirements as set out in the Management and Supervision (Public and Private Companies) Act and the Code. It believes that also in its new composition, the Board has the right mix of knowledge and experience needed to exercise its tasks adequately.

RISK MANAGEMENT

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, recurring meeting topics were the main risks connected to the company's business operations, including those related to the valuation process, interest rate and financing risks, maintaining rent levels, the occupancy rate and debtor risks. The setup and functioning of the related internal risk management and control systems were periodically evaluated and discussed within the Supervisory Board.

As a result of the evaluation, a new risk and control framework was drawn up in 2015, in which the control measures taken for all core processes were laid down in a systematic way. This framework not only describes the actual internal control measures, but also structures the way these risks are analysed and controlled. Furthermore, in late 2015 a start was made on updating and implementing the AO/IC procedures in order to align this process with the framework. The Executive Board and the Supervisory Board believe that implementing a risk and control framework in the organisation will contribute to being 'in control'.

EVALUATION EXTERNAL AUDITOR

Deloitte is Vastned's 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.
In 2015 the functioning and independence of the external auditor were evaluated. The Supervisory Board and the audit and compliance committee consider the cooperation with Deloitte as excellent. The relationship is open and transparent, and there is clear evidence that it has extensive knowledge of the property business. Deloitte adds value to the improvement of the financial reporting processes and challenges the Executive Board in a constructive way. In consultation with the external auditor and the audit and compliance committee, the Supervisory Board has concluded that the control level of the financial reporting risks and Vastned's internal control are adequate.

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. This information ensures that the Supervisory Board remains abreast of the focus of shareholders and analysts. In all regular meetings updates were provided on the 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 will ensure that in those cases where this is thought to be beneficial, the company will agree to have talks with shareholders and on certain issues the Board will in fact itself initiate contact with shareholders outside Annual General Meetings.

PERMANENT EDUCATION AND INTRODUCTION

Members of the Supervisory Board may take training on all subjects that may be important to exercising supervision; the requirement for training will be evaluated annually to form the basis for an annual training plan.
Throughout the year, the Supervisory Board explored current international developments, also by inviting leading external speakers, on international capital markets, 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 on a daily basis and frequently on developments in the area of corporate governance.
In the context of permanent education, several members of the Supervisory Board took course modules, including on corporate governance.

The new members of the Supervisory Board have followed an extensive introduction programme consisting, in addition to an information pack, of:

- Extensive one-on-one meetings with the CEO and the CFO and other senior officers in legal and tax affairs, accounting, treasury, investor relations and property;
- Visits to several of Vastned's property investments, both domestic and abroad; and
- Information on the company's governance structure.

EVALUATION OF 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. At the end of 2015 an external management consultant performed this self-evaluation, for which it held extensive interviews with the individual members of the Supervisory Board, the Executive Board, the General Counsel and the external auditor.
The evaluation focused on institutional and procedural aspects such as the composition and the profile of the Supervisory Board, the profile for the new chairman of the Supervisory Board, the decision-making process, the quality of the supervisory process and the information provision to and communication with the Supervisory Board. Relational aspects were also addressed, including team and individual performance and relations with the Executive Board.

From these interviews a report was compiled that formed the basis for an evaluation by the Supervisory Board of its own performance. The Board discussed the findings of the report with the Executive Board.

The conclusion of the evaluation was that the Supervisory Board generally performs adequately, that cooperation within and with the committees is good, that the Board operates independently and that it is adequately equipped for its duties. The preparatory activities of the committees enhance the efficiency of Supervisory Board meetings. The preparation by the Executive Board is also adequate.

A large part of the improvement points from the self-evaluation in 2014 were realised in 2015. For example, there is more focus on evaluating decisions taken in the past, more meetings are held without the Executive Board, and contacts with the management level below the Executive Board were intensified. The evaluation confirmed that the Supervisory Board operates effectively and efficiently, and that it has the right mix of experience and knowledge.
The 2015 evaluation highlighted the following suggestions for improvement:

- More (in)formal contacts with country managers and staff members, such as through working visits and presentations to Supervisory Board meetings;
- Increased delegation of activities to various committees, with broadly based feedback with a view to further increasing the efficiency of the Supervisory Board; and
- Stronger focus on the meeting agenda, including holding preparatory and follow-up meetings.

'I have many years to get better and better, and that has to be my ambition. The day you think there is no improvements to be made is a sad one for any player'

LIONEL MESSI

Calle Serrano 36, Madrid

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

COMMITTEE MEMBERS AND ATTENDANCE

Audit and compliance committee meetings 2015	Regular: 4	Ad-hoc: 3
Charlotte M. Insinger [1/c]	3/3	2/2
Pieter M. Verboom [2]	1/1	1/1
Jeroen B.J.M. Hunfeld	4/4	3/3

1 appointed as chair on 24 April 2015
2 retired in accordance with retirement scheme on 24 April 2015
c chair

The audit and compliance committee (A&C) has two members, Charlotte Insinger (chair) and Jeroen Hunfeld. Charlotte Insinger succeeded Pieter Verboom as chair on 24 April 2015. Charlotte Insinger and Pieter Verboom may be qualified as financial experts within the meaning of the Code.

Others attending (parts of) the meetings of the audit and compliance committee were the CFO, the CEO, the General Counsel, the external auditor Deloitte, the internal auditor BDO and external risk & control adviser CPI Risk & Governance.

HIGHLIGHTS 2015

- Selection of external auditor for 2016
- Internal audit plan 2015 and evaluation of findings
- Review setup and implementation of risk and control framework
- Review treasury statute and end hedge accounting policy
- Draw up general incident policy and review internal regulations and codes

PRIORITIES FOR 2016

- Continuous evaluation of the new compliance for audit committees relating to reporting and governance
- Oversee transition to new external auditor
- Setup and implementation of new AO/IC manual
- Review IT security measures
- Impact of new international tax law and defining a tax policy

TASKS

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) annual accounts;
- the risk management of the company; and
- compliance with laws and regulations and the functioning of codes of conduct.

The audit and compliance committee quarterly reports on its deliberations and findings. It reports 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.

The full text of the regulation is available on Vastned's website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

'Everyone's dream can come true if you just stick to it and work hard'

SERENA WILLIAMS

NOTES ON MEETING ITEMS AND OTHER INFORMATION

The audit and compliance committee met seven times in 2015. During the reporting year, the committee met with Deloitte once in the absence of the Executive Board, in which meeting the transition of the CFO and the tone-at-the-top were discussed. The committee also frequently consulted outside meetings.

In the various meetings many regular topics were discussed in detail, including:

- the 2014 annual accounts;
- the (interim) financial reporting for the 2015 financial year;
- various developments in IFRS;
- letting risks;
- risks in the area of cost control;
- financing, interest rate 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 and publicity risks;
- compliance;
- IT risks;
- the assessment and approval of the Executive Board's expenses; and
- compliance with other relevant laws and regulations.

INTERNAL AUDIT FUNCTION

Every year, the audit and compliance committee evaluates the internal audit function. In the beginning of 2015 it was decided there will be an internal audit function and that the internal audit function will be outsourced to a reputed external party. Finance and accounting specialists from head office visit every country office at least twice a year.

In 2015, the Executive Board drew up an audit plan in consultation with the audit and compliance committee. Based on this plan, BDO Auditors BV ('BDO') was tasked with performing an audit of maintenance costs in the Netherlands, of the acquisition and divestments processes in France and of the effectiveness of the Spanish organisation after the sale of a large part of the local portfolio in early 2014.
This audit did not highlight any significant risks. To the extent relevant for this report, BDO's findings showed that some internal procedures required updating; at the time of the audit, this process had already been set in motion and has since been completed. BDO made a few further minor recommendations, which the Executive Board and the Supervisory Board agreed with and which have since been followed up.

NOMINATION EXTERNAL AUDITOR FOR 2016

Deloitte has audited the annual accounts since 2003; in 2012 the lead audit partner was replaced. In view of this long period, the audit and compliance committee decided in early 2015 to select a new external auditor in spite of the excellent evaluation of last year.

To this end, the audit and compliance committee composed a selection committee composed of its own members, the CFO, the Deputy Director Finance & Control and the Treasurer/Manager Budget & Planning. This committee consulted frequently during 2015 on and investigated the selection of a new external auditor. At the end of 2015, the committee issued a recommendation to nominate Ernst & Young Auditors BV as the new external auditor for the annual accounts as of 2016 for a period of four years. This recommendation was accepted by the Supervisory Board and as a result this nomination will be put to the Annual General Meeting on 20 April 2016.

PROCEDURES AND CODES

In 2015 a reviewed general incident scheme was drawn up, which took effect on 1 January 2016. In addition, the Code of Conduct, the whistleblowers' code, the Executive Board regulations and the Supervisory Board regulations were reviewed, and these regulations, too, took effect for the organisation on 1 January 2016, whereby to the extent relevant extensive attention was devoted to a personal and practical introduction of these new codes and procedures.

EVALUATION OF THE AUDIT AND COMPLIANCE COMMITTEE

As part of the self-evaluation of the Supervisory Board, the audit and compliance committee was also assessed. The conclusion of the assessment was that the committee functions adequately. One point of improvement was that where possible, as of 2016 the meetings of the audit and compliance committee should take place a few days before those of the Supervisory Board in order to further enhance effectiveness.

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE

COMMITTEE MEMBERS AND ATTENDANCE

R&N meetings 2015	Regular: 3	Ad-hoc: 5
Marieke Bax [c]	3/3	5/5
Pieter M. Verboom [1]	1/1	3/3
Marc C. van Gelder [2]	2/2	2/2

1 retired in accordance with retirement roster on 24 April 2015
2 newly appointed on 24 April 2015
c chair

The remuneration and nomination committee (R&N) has two members, Marieke Bax (chair) and Marc van Gelder, who succeeded Pieter Verboom as a member of the committee on 24 April 2015.

The meetings of the committee were attended on occasion by the CEO, CFO, the General Counsel, the external remuneration adviser and an executive search specialist.

HIGHLIGHTS 2015

- **Reappointment of Taco de Groot (CEO)**
- **New appointments to the Supervisory Board of Marc van Gelder and Charlotte Insinger**
- **Reappointment of Jeroen Hunfeld**
- **Implementation of new remuneration policy for the CEO and CFO**

PRIORITIES 2016

- **Continuous monitoring and transparency of the remuneration policy**
- **Development of Executive Board and succession planning**
- **Monitoring of Business Health Test as part of the LTI**

TASKS

The tasks of the remuneration and nomination committee include:

- preparation of the decision-making on recruitment and selection including drawing up of 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 the 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 committee regulations is available on Vastned's website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

Leidsestraat 64-66, Amsterdam

NOTES ON MEETING ITEMS AND OTHER INFORMATION

The remuneration and nomination met eight times in 2015. The main topics related to nomination were the nominations for (re)appointment of three members of the Supervisory Board and the reappointment of Taco de Groot (CEO).

The main topics in the area of remuneration were preparing a new remuneration for the Executive Board and placing it on the agenda of the Annual General Meeting of shareholders, and the determination of the realisation of the variable short-term incentives for 2014 and the setting targets for the variable short-term incentives for 2015. The committee also frequently consulted outside meetings.

The main topics related to nomination were the nominations for (re)appointment of three members of the Supervisory Board and the reappointment of CEO Taco de Groot.

The main topic in the area of remuneration was preparing a new remuneration policy for the Executive Board to take effect on 1 January 2015, and placing it on the agenda of the Annual General Meeting of shareholders. In this context, the remuneration of the Supervisory Board was also evaluated and reviewed. Further topics of discussion were recent developments in the area of remuneration, the evaluation of and recommendations on the fixed remuneration of the Executive Board, the pension compensation due to the limitation of the tax relief on pension accrual to € 100,000 and the realisation of the STI for 2014 and setting targets for the 2015 STI.

NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD

In 2015, the remuneration committee completely reviewed the remuneration policy for the Executive Board and brought it in line with the current strategy. The new remuneration policy was also aligned with the latest international corporate governance insights, with the ambition to be clear, transparent and 'best in class'.
The remuneration committee frequently had internal meetings on the remuneration policy with the Supervisory Board and the Executive Board. The principles of the policy have also been discussed with a number of major shareholders. The remuneration policy has been carefully checked against the specific insights of various interest groups, and was prepared with the aid of an external remuneration consultant and a legal adviser. At the end of 2015, the committee drew up a procedure which laid down how the share ownership guidelines should be applied and how the conversion into shares of the variable long-term remuneration takes place. For a more extensive description of this remuneration policy, please refer to the 2015 remuneration report on page xxx.

SELF-EVALUATION

As part of the self-evaluation of the Supervisory Board, the remuneration and nomination committee was also assessed. The conclusion of the assessment was that the committee functions adequately. One point for improvement was to lengthen the interval between the meetings of the committee and those of the Supervisory Board, so that there is more time for reflection. This point has been followed up.

PROFILE OF THE SUPERVISORY BOARD AND DIVERSITY

The profile of the Supervisory Board ensures that its composition is appropriate; it may be inspected on Vastned's website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

The Supervisory Board believes that a mixed composition of the Supervisory Board and the Executive Board in terms of gender, age, expertise, 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 to be a good mix in terms of age, expertise, experience and background. At year-end 2015 the composition of the Supervisory Board was 40% female. The Executive Board was all male at year-end 2015, so 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 is set out below.

	year of birth	gender	international experience	management experience	property	finance and investments	retail marketing	social/governance	communication
Wouter Kolff	1945	M	X	X		X			
Marc van Gelder	1961	M	X	X		X	X	X	X
Charlotte Insinger	1965	V	X	X	X	X		X	
Marieke Bax	1961	V	X	X		X	X	X	
Jeroen Hunfeld	1950	M	X	X			X		X

REMUNERATION REPORT

The 2015 remuneration report for the Executive Board and the Supervisory Board is presented on page 227 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/corporate-governance/remuneration_report

2015 FINANCIAL STATEMENTS AND DIVIDEND

FINANCIAL STATEMENTS

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2015 financial year, as prepared by the Executive Board. The financial statements have been audited by Deloitte 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 2015 financial statements 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 management conducted in the 2015 financial year;
3) rant discharge to the members of the Supervisory Board for their supervision of the Executive Board during the 2015 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.

DIVIDEND PROPOSAL

The Supervisory Board is in agreement with the Executive Board's proposal to distribute a dividend for the 2015 financial year of € 2.05 per share in cash. Taking the interim dividend of € 0.74 distributed on 8 September 2015 into account, a final dividend will be declared of € 1.31 per share.

ACKNOWLEDGEMENTS

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

During the Annual General Meeting on 20 April 2016, Mr Wouter Kolff will retire, after many years of service to Vastned as chairman of the Supervisory Board. The Board would like to take this opportunity to express its gratitude to him for the valuable contributions he has brought to the company at various stages over the past almost twelve years.

Rotterdam, 8 March 2016

The Supervisory Board,
Vastned Retail N.V.

Wouter. J. Kolff
Marc C. van Gelder
Charlotte M. Insinger
Marieke Bax
Jeroen B.J.M. Hunfeld

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EPRA PERFORMANCE MEASURES

EPRA BEST PRACTICES RECOMMENDATIONS

The EPRA Best Practices Recommendations (BPR) published by EPRA's Reporting and Accounting Committee contain recommendations concerning the determination of key performance indicators for measuring the performance 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

EPRA performance measure [1]	Page	Table	(x € 1,000) 2015	(x € 1,000) 2014	per share (x € 1) 2015	per share (x € 1) 2014
EPRA Earnings	137	1	49,189	46,461	2.58	2.44
EPRA NAV	137	2	845,355	812,447	44.41	42.68
EPRA NNNAV	137	3	805,347	769,455	42.31	40.42
EPRA Net Initial Yield (NIY)	138	4 (i)	4.8%	5.2%		
EPRA 'topped-up' NIY	138	4 (ii)	4.8%	5.3%		
EPRA Vacancy Rate	140	5	2.2%	2.3%		
EPRA Cost Ratio (including direct vacancy costs)	141	6 (i)	20.0%	20.3%		
EPRA Cost Ratio (excluding direct vacancy costs)	141	6 (ii)	19.3%	19.2%		

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

	2015	2014
Result in accordance with the consolidated IFRS Profit and Loss account	**65,471**	**31,706**
Value movements in property	(26,032)	797
Net result on disposal of property	(2,704)	2.606
Financial expenses	817	595
Value movements in financial derivatives	6,459	5,118
Movement in deferred tax assets and liabilities	4,303	3,318
Attributable to non-controlling interests	875	2,321
EPRA Earnings	**49,189**	**46,461**
EPRA Earnings per share (EPS) (x € 1)	**2.58**	**2.44**

2 & 3 EPRA NAV & EPRA NNNAV

	31-12-2015	31-12-2015 per share (x € 1)	31-12-2014	31-12-2014 per share (x € 1)
Equity Vastned Retail shareholders	816,640	42.90	782,213	41.09
Adjustment for effect of convertible bond	-	-	-	-
Diluted Equity of Vastned Retail shareholders	816,640	42.90	782,213	41.09
Fair value of financial derivatives	3,995	0.21	9,762	0.51
Deferred tax	24,720	1.30	20,472	1.08
EPRA NAV	**845,355**	**44.41**	**812,447**	**42.68**
Fair value of financial derivatives	(3,995)	(0.21)	(9,762)	(0.51)
Fair value of interest-bearing loans real estate [1]	(20,260)	(1.06)	(22,994)	(1.21)
Deferred tax	(15,753)	(0.83)	(10,236)	(0.54)
EPRA NNNAV	**805,347**	**42.31**	**769,455**	**40.42**

1) The development of the fair value is based on the swap yield curve at year-end 2015 and the credit spreads in effect at year-end 2015.

4 EPRA NET INITIAL YIELD & EPRA TOPPED-UP NET INITIAL YIELD AT 31 DECEMBER

	The Netherlands		France		Belgium		Spain/Portugal		Turkey		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Property	**743,190**	**649,666**	**338,180**	**331,617**	**356,881**	**356,536**	**76,463**	**68,654**	**133,186**	**132,310**	**1,647,900**	**1,538,783**
excluding:												
Property under renovation	-	-	-	(2,254)	-	-	-	-	-	-	-	(2,254)
Property in pipeline	-	(1,235)	-	-	-	-	-	-	-	-	-	(1,235)
Property in operation	743,190	648,431	338,180	329,363	356,881	356,536	76,463	68,654	133,186	132,310	1,647,900	1,535,294
plus:												
Estimated transaction fees	55,939	48,807	23,765	23,481	8,664	9,142	2,625	2,425	4,119	3,309	95,112	87,164
Investment value of property in operation (B)	**799,129**	**697,238**	**361,945**	**352,844**	**365,545**	**365,678**	**79,088**	**71,079**	**137,305**	**135,619**	**1,743,012**	**1,622,458**
Annualised gross rental income	45,971	43,435	15,845	16,880	18,613	19,862	3,950	4,300	8,508	8,194	92,887	92,671
Non-recoverable operating expenses	(5,718)	(5,499)	(1,088)	(957)	(1,725)	(1,910)	(212)	(252)	(562)	(202)	(9,305)	(8,820)
Annualised net rental income (A)	**40,253**	**37,936**	**14,757**	**15,923**	**16,888**	**17,952**	**3,738**	**4,048**	**7,946**	**7,992**	**83,582**	**83,851**
Effect of rent-free periods and other lease incentives	288	907	308	365	336	569	-	-	-	-	932	1,841
Topped-up annualised net rental income (C)	**40,541**	**38,843**	**15,065**	**16,288**	**17,224**	**18,521**	**3,738**	**4,048**	**7,946**	**7,992**	**84,514**	**85,692**
(i) EPRA Net Initial Yield (A/B)	5.0%	5.4%	4.1%	4.5%	4.6%	4.9%	4.7%	5.7%	5.8%	5.9%	4.8%	5.2%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.1%	5.6%	4.2%	4.6%	4.7%	5.1%	4.7%	5.7%	5.8%	5.9%	4.8%	5.3%

	Premium city high street shops		High street shops		Non-high street shops		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Property	**1,122,975**	**916,312**	**285,923**	**329,196**	**239,002**	**293,275**	**1,647,900**	**1,538,783**
excluding:								
Property under renovation	-	(2,254)	-	-	-	-	-	(2,254)
Property in pipeline	-	-	-	-	-	(1,235)	-	(1,235)
Property in operation	1,122,975	914,058	285,923	329,196	239,002	292,040	1,647,900	1,535,294
plus:								
Estimated transaction fees	63,520	49,902	18,359	21,386	13,233	15,876	95,112	87,164
Investment value of property in operation (B)	**1,186,495**	**963,960**	**304,282**	**350,582**	**252,235**	**307,916**	**1,743,012**	**1,622,458**
Annualised gross rental income	52,837	46,017	20,324	23,534	19,726	23,120	92,887	92,671
Non-recoverable operating expenses	(4,331)	(3,333)	(2,506)	(2,967)	(2,468)	(2,520)	(9,305)	(8,820)
Annualised net rental income (A)	**48,506**	**42,684**	**17,818**	**20,567**	**17,258**	**20,600**	**83,582**	**83,851**
Effect of rent-free periods and other lease incentives	507	1,009	256	420	169	412	932	1,841
Topped-up annualised net rental income (C)	**49,013**	**43,693**	**18,074**	**20,987**	**17,427**	**21,012**	**84,514**	**85,692**
(i) EPRA Net Initial Yield (A/B)	4.1%	4.4%	5.9%	5.9%	6.8%	6.7%	4.8%	5.2%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.1%	4.5%	5.9%	6.0%	6.9%	6.8%	4.8%	5.3%

5 EPRA VACANCY RATE

31-12-2015	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised gross rental income	Estimated rental value (ERV) of vacancies	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	44,993	38,595	190,726	45,971	1,333	47,035	2.8%
France	16,062	14,477	34,772	15,845	375	17,576	2.1%
Belgium	19,941	18,441	91,930	18,613	332	19,413	1.7%
Spain/Portugal	4,115	3,839	10,822	3,950	-	3,751	-
Turkey	8,063	7,568	13,100	8,508	49	8,792	0.6%
Total property in operation	**93,174**	**82,920**	**341,350**	**92,887**	**2,089**	**96,567**	**2.2%**
Premium city high street shops	49,394	45,217	97,351	52,837	190	57,470	0.3%
High street shops	21,557	18,300	93,421	20,324	983	20,116	4.9%
Non-high street shops	22,223	19,403	150,578	19,726	916	18,981	4.8%
Total property in operation	**93,174**	**82,920**	**341,350**	**92,887**	**2,089**	**96,567**	**2.2%**

31-12-2014	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised gross rental income	Estimated rental value (ERV) of vacancies	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	41,934	36,048	200,753	43,435	1,224	44,917	2.7%
France	17,441	15,870	41,181	16,880	631	18,794	3.4%
Belgium	21,997	19,875	112,239	19,862	313	20,408	1.5%
Spain/Portugal	7,387	6,736	10,822	4,300	-	3,734	-
Turkey	7,638	7,138	13,075	8,194	60	8,500	0.7%
Total property in operation	**96,397**	**85,667**	**378,070**	**92,671**	**2,228**	**96,353**	**2.3%**
Premium city high street shops	42,945	38,951	88,747	46,017	414	50,411	0.8%
High street shops	24,197	20,990	103,536	23,534	878	23,505	3.7%
Non-high street shops	29,255	25,726	185,787	23,120	936	22,437	4.2%
Total property in operation	**96,397**	**85,667**	**378,070**	**92,671**	**2,228**	**96,353**	**2.3%**

6 EPRA COST RATIOS

	2015	2014
General expenses	8,523	8,897
Ground rents paid	149	113
Operating expenses	9,717	9,685
Net service charge expenses	388	932
less: Ground rents paid	(149)	(113)
EPRA costs (including vacancy costs) (A)	**18,628**	**19,514**
Vacancy costs	(688)	(1,018)
EPRA costs (excluding vacancy costs) (B)	**17,940**	**18,496**
Gross rental income less ground rents paid (C)	**93,025**	**96,284**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.0%	20.3%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	19.3%	19.2%

In 2015, an amount of € 0.1 million (2014: € 0.1 million) in operating expenses paid was capitalised. Vastned capitalises the operating expenses that are directly attributable to property under renovation and in pipeline during the period that the property under renovation and in pipeline are not available for lease.
General expenses (overhead) are not capitalised.

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DIRECT AND INDIRECT RESULT

DIRECT RESULT

(x € 1,000)

	2015	2014
Gross rental income	93,174	96,397
Ground rents paid	(149)	(113)
Net service charge expenses	(388)	(932)
Operating expenses	(9,717)	(9,685)
Net rental income	**82,920**	**85,667**
Financial income	826	2,908
Financial expenses	(20,258)	(27,006)
Net financing costs	**(19,432)**	**(24,098)**
General expenses	(8,523)	(8,897)
Direct result before taxes	**54,965**	**52,672**
Current income tax expense	(1,227)	(462)
Movement in deferred tax assets and liabilities	(141)	(987)
Direct result after taxes	**53,597**	**51,223**
Direct result attributable to non-controlling interests	(4,408)	(4,762)
Direct result attributable to Vastned Retail shareholders	**49,189**	**46,461**

INDIRECT RESULT

(x € 1,000)

	2015	2014
Value movements in property in operation	25,430	(628)
Value movements in property under renovation	608	410
Value movements in property in pipeline	(6)	(579)
Total value movements in property	**26,032**	**(797)**
Net result on disposal of property	2,704	(2,606)
Financial expenses	(817)	(595)
Value movements in financial derivatives	(1,647)	(1,186)
Reclassification of unrealised results on financial derivatives from equity	(4,812)	(3,932)
Indirect result before taxes	**21,460**	**(9,116)**
Movement in deferred tax assets and liabilities	(4,303)	(3,318)
Reclassification of taxes on unrealised results on financial derivatives from equity	-	-
Indirect result after taxes	**17,157**	**(12,434)**
Indirect result attributable to non-controlling interests	(875)	(2,321)
Indirect result attributable to Vastned Retail shareholders	**16,282**	**(14,755)**
Direct result attributable to Vastned Retail shareholders	49,189	46,461
Indirect result attributable to Vastned Retail shareholders	16,282	(14,755)
Result attributable to Vastned Retail shareholders	**65,471**	**31,706**

PER SHARE

(x € 1)

	2015	2014
Direct result attributable to Vastned Retail shareholders	2.58	2.44
Indirect result attributable to Vastned Retail shareholders	0.86	(0.77)
	3.44	**1.67**

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, movements in deferred tax assets and/or deferred tax liabilities and the value movements in financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

‘You must always work hard, **you can never stop**’

Ivan Basso

We got to know Italian top cyclist Ivan Basso a year ago on Gran Canaria. In early 2015, he trained several weeks with Alberto Contador, managed by team leader Steven de Jongh, to help the Spaniard win the Giro d’Italia and the Tour de France. The great Ivan Basso, twice winner of the Giro, as a domestique?

'So you have to keep going, you have to as it were make peace with the pain. Then it becomes a good kind of pain'

'Yes, I get a lot of fulfilment from that. In my role as Alberto's domestique I get enough motivation to be away from home for weeks. I have four children, so you can imagine we do a lot of skyping.'

Contador won the Giro, but not the Tour de France. But one of the things that we remember from the last Tour was the press conference on one of the rest days, when Basso coolly stated: I'm leaving the Tour, because I have testicular cancer.'

Six months later we ask the Italian, who speaks fluent English, about motivation, team spirit, concentration, but mostly about his health.

How are you, Ivan?
'I'm very well, the operation was a success, everything is under control and I'm clear. It may sound odd, but right from the beginning, when I heard I had cancer, I've had complete confidence in my doctors. Cyclists are fighters, we don't flinch from hard work. And we can deal with pain, so when I got the bad news, I immediately started thinking about my recovery.'

For laymen, cycling is just a matter of going as fast as you can, but how important is concentration when you're in the saddle?
'Certainly in the peloton you have to be very focused. If you're not, you can find yourself on the tarmac before you know it. So you have to be totally focused. But you also have to listen to your body and know how much strength you've got left, because you can actually fall because of fatigue.'

How do you do that?
'It may sound peculiar, but as a cyclist you learn how to think that you aren't tired. It is absolutely vital that you don't start thinking: I'm tired. Why? Very simply because you have to carry on, because you can't give up, you refuse to give up. Nothing is worse for a cyclist than giving up, than getting off your bike and into a car. That cuts to your soul. It really feels like a final goodbye. Fortunately, it's rarely happened to me. When I gave up in the Tour de France, that was a very unusual situation. So you have to keep going, you have to as it were make peace with the pain. Then it becomes a good kind of pain.'

So it's also a matter of perseverance.
'Yes, and you can only do that when you've trained really well. In fact it's very simple: you have to work hard, and feel the pain in your legs. That is just part of what we do.'

Have you ever had times when you thought: I'm exhausted, but I have to keep going?
Basso laughs: 'Almost every day. I can't remember a day when I didn't, that I didn't suffer.'

What does it take to become a winner?
'First you find that you're talented. But talent without training means nothing. When you're talented, you want to get better and better. So when you win, you have to want to win more. And the only way to do that is to work even harder than before. You can't turn back. You must always work hard, you can never stop.'

Doesn't that put you under a lot of pressure?
'Yes, but real winners love that. For me, I have always loved that life of pressure, of the pressure of having to perform. But I also liked helping Contador last year, because I recognise the pressure. I felt the pressure for him, as it were. I felt guilty in the Giro because I felt I couldn't help Alberto as well as I should have. Nobody knew that except me. Later I found out why that was: in the Giro the cancer was already in my body.'

Is there fair play in cycling?
'It's just like in football. It depends on the situation and also on the individual. When a player is injured early in the game, they stop the game. But if it happens at the end and you have to score, they just clench their teeth and keep going. For us, it's a very complex issue. What do you do after a fall or an accident?'

There is a lot of tactics involved in cycling, isn't there?
'Absolutely. Again, just like in football. It's not just a matter of cycling fast and seeing where you finish. Next to your physical condition, strategy and tactics are key in cycling. You pit your tactics against those of your opponents. When you study the tactics of the other teams, you can prepare for them. If you don't pay attention, you have to adjust your tactics during the race.'

8

2015 FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

NET INCOME FROM PROPERTY

	Notes	2015	2014
Gross rental income	4, 26	93,174	96,397
Ground rents paid	4	(149)	(113)
Net service charge expenses	4	(388)	(932)
Operating expenses	4	(9,717)	(9,685)
Net rental income		**82,920**	**85,667**
Value movements in property in operation	5	25,430	(628)
Value movements in property under renovation	5	608	410
Value movements in property in pipeline	5	(6)	(579)
Total value movements in property		**26,032**	**(797)**
Net result on disposal of property	6	2,704	(2,606)
Total net income from property		**111.656**	**82,264**

EXPENDITURE

	Notes	2015	2014
Financial income	7	826	2,908
Financial expenses	7	(21,075)	(27,601)
Value movements in financial derivatives	7	(1,647)	(1,186)
Reclassification of unrealised results on financial derivatives from equity	7	(4,812)	(3,932)
Net financing costs		**(26,708)**	**(29,811)**
General expenses	8	(8,523)	(8,897)
Total expenditure		**(35,231)**	**(38,708)**
Result before taxes		**76,425**	**43,556**
Current income tax expense	9	(1,227)	(462)
Movement in deferred tax assets and liabilities	9, 14	(4,444)	(4,305)
Total income tax		**(5,671)**	**(4,767)**
Result after taxes		**70,754**	**38,789**
Result attributable to non-controlling interests	29	(5,283)	(7,083)
Result attributable to Vastned Retail shareholders		**65,471**	**31,706**

PER SHARE

(x € 1)

	Notes	2015	2014
Result attributable to Vastned Retail shareholders	10	3.44	1.67
Diluted result attributable to Vastned Retail shareholders	10	3.20	1.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Notes	2015	2014
Result		**70,754**	**38,789**
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	19	780	(2,639)
Items that have been or could be reclassified to the profit and loss account			
Value movements in financial derivatives directly recognised in equity		1,698	5,659
Reclassification of unrealised results on financial derivatives to profit and loss account		4,812	3,932
Translation differences on net investments		-	(418)
Taxes on items that have been or could be reclassified to the profit and loss account		-	-
Other comprehensive income after taxes		**7,290**	**6,534**
Total comprehensive income		**78,044**	**45,323**
Attributable to:			
Vastned Retail shareholders		72,691	38,138
Non-controlling interests		5,353	7,185
		78,044	**45,323**

PER SHARE

(x € 1)

		2015	2014
Total comprehensive income attributable to Vastned Retail shareholders		3.82	2.01

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

ASSETS

	Notes	2015	2014
Property in operation	13	1,644,828	1,532,199
Property under renovation	13	-	2,254
Accrued assets in respect of lease incentives	13	3,072	3,095
		1,647,900	1,537,548
Property in pipeline	13	-	1,235
Total property		**1,647,900**	**1,538,783**
Tangible fixed assets		1,146	1,086
Financial derivatives	24	-	722
Total fixed assets		**1,649,046**	**1,540,591**
Debtors and other receivables	15,17	2,211	9,567
Income tax		56	3,723
Cash and cash equivalents	16	2,762	12,712
Total current assets		**5,029**	**26,002**
Total assets		**1,654,075**	**1,566,593**

EQUITY AND LIABILITIES

	Notes	2015	2014
Capital paid-up and called-up	18	95,183	95,183
Share premium reserve		472,640	472,640
Hedging reserve in respect of financial derivatives		616	(5,691)
Translation reserve		(5,728)	(5,728)
Other reserves		188,458	194,103
Result attributable to Vastned Retail shareholders	10	65,471	31,706
Equity Vastned Retail shareholders		816,640	782,213
Non-controlling interests	29	84,373	83,786
Total equity		**901,013**	**865,999**
Deferred tax liabilities	14	24,586	19,860
Provisions in respect of employee benefits	19	6,047	6,561
Long-term interest-bearing loans	20	652,513	599,388
Financial derivatives	24	5,427	11,222
Long-term tax liabilities	21	-	1,128
Guarantee deposits and other long-term liabilities		3,557	3,684
Total long-term liabilities		**692,130**	**641,843**
Payable to banks	22	7,953	2,304
Redemption of long-term interest-bearing loans	20	25,017	15,267
Financial derivatives	24	-	832
Income tax		5,108	8,818
Other liabilities and accruals	23	22,854	31,530
Total short-term liabilities		**60,932**	**58,751**
Total equity and liabilities		**1,654,075**	**1,566,593**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
Balance as at 1 January 2014	**95,183**	**468,555**	**(15,180)**	**(3,870)**	**331,405**	**(91,176)**	**784,917**	**81,245**	**866,162**
Result	-	-	-	-	-	31,706	31,706	7,083	38,789
Remeasurement of defined benefit obligation	-	-	-	-	(2,639)	-	(2,639)	-	(2,639)
Value movements in financial derivatives after deduction of taxes	-	-	5,557	-	-	-	5,557	102	5,659
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	3,932	-	-	-	3,932	-	3,932
Translation differences on net investments	-	-	-	(418)	-	-	(418)	-	(418)
Reclassification	-	-	-	(1,440)	1,440	-	-	-	-
Total comprehensive income	**-**	**-**	**9,489**	**(1,858)**	**(1,199)**	**31,706**	**38,138**	**7,185**	**45,323**
Equity component of convertible bond	-	4,085	-	-	-	-	4,085	-	4,085
Final dividend for previous financial year in cash	-	-	-	-	-	(31,030)	(31,030)	(4,644)	(35,674)
2014 interim dividend in cash	-	-	-	-	(13,897)	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	(122,206)	122,206	-	-	-
Balance as at 31 December 2014	**95,183**	**472,640**	**(5,691)**	**(5,728)**	**194,103**	**31,706**	**782,213**	**83,786**	**865,999**
Result	-	-	-	-	-	65,471	65,471	5,283	70,754
Remeasurement of defined benefit obligation	-	-	-	-	780	-	780	-	780
Value movements in financial derivatives after deduction of taxes	-	-	1,628	-	-	-	1,628	70	1,698
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	4,812	-	-	-	4,812	-	4,812
Reclassification	-	-	(133)	-	133	-	-	-	-
Total comprehensive income	**-**	**-**	**6,307**	**-**	**913**	**65,471**	**72,691**	**5,353**	**78,044**
Final dividend for previous financial year in cash	-	-	-	-	-	(24,177)	(24,177)	(4,766)	(28,943)
2015 interim dividend in cash	-	-	-	-	(14,087)	-	(14,087)	-	(14,087)
Contribution from profit appropriation	-	-	-	-	7,529	(7,529)	-	-	-
Balance as at 31 December 2015	**95,183**	**472,640**	**616**	**(5,728)**	**188,458**	**65,471**	**816,640**	**84,373**	**901,013**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
Result	70,754	38,789
Adjustments for:		
Value movements in property	(26,032)	797
Net result on disposal of property	(2,704)	2,606
Net financing costs	26,708	29,811
Income tax	5,671	4,767
Cash flow from operating activities before changes in working capital and provisions	**74,397**	**76,770**
Movement in current assets	(352)	3,253
Movement in short-term liabilities	(748)	(358)
Movement in provisions	122	(285)
	73,419	**79,380**
Interest received	2,206	1,554
Interest paid	(19,536)	(28,710)
Income tax paid	(1,292)	(100)
Cash flow from operating activities	**54,797**	**52,124**

CASH FLOW FROM INVESTMENT ACTIVITIES

	2015	2014
Acquisition of and capital expenditure on property	(175,290)	(94,635)
Disposal of property	92,932	253,223
Cash flow from property	(82,358)	158,588
Movement in tangible fixed assets	(60)	379
Cash flow from investment activities	**(82,418)**	**158,967**

CASH FLOW FROM FINANCING ACTIVITIES

	2015	2014
Dividend paid	(38,264)	(44,927)
Dividend paid to non-controlling interests	(4,767)	(4,646)
Interest-bearing loans drawn down	108,849	390,907
Interest-bearing loans redeemed	(42,294)	(530,340)
Unwinding of interest rate derivatives	(5,853)	(14,506)
Cash flow from financing activities	**17,671**	**(203,512)**

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

	2015	2014
Net increase/(decrease) in cash and cash equivalents	**(9,950)**	**7,579**
Cash and cash equivalents as at 1 January	12,712	5,133
Cash and cash equivalents as at 31 December	**2,762**	**12,712**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Vastned Retail N.V. ('the Company' or 'Vastned'), with registered office in Rotterdam, the Netherlands, is a property company that invests sustainably in top quality retail property with a clear focus on the premium city high street shops. Smaller investments are also made in high street shops in other cities, Belgian retail warehouses, a number of supermarkets and in (parts of) a few smaller shopping centres. The property is located in the Netherlands, France, Belgium, Spain, Portugal and Turkey.

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. The Company profit and loss account has been shown in abbreviated form pursuant to Article 402 of Book 2 of the Netherlands Civil Code.

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 endorsed 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 Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective for financial years starting on or after 1 January 2015.

New or amended standards and interpretations that became effective in 2015
The amended standards and interpretations that came into effect in 2015 are listed below.

- Annual Improvements to IFRSs 2011-2013 Cycle (effective for financial years starting on or after 1 January 2015)
  The changes do not have any material impact on the presentation, notes or financial results of the Group;
- IFRIC Interpretation 21 Levies (effective for financial years starting on or after 17 June 2014)
  IFRIC 21 provides clarity on in what circumstances an obligation imposed by a government agency must be included. The interpretation has a limited impact on how government levies are reported in interim financial reporting.

New or amended standards and interpretations which will be in effect for financial years starting on or after 1 February 2015 and later which are not yet applied by the Group

- Annual Improvements to IFRSs 2010-2012 Cycle (effective for financial years starting on or after 1 February 2015).
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- Annual Improvements to IFRSs 2012-2014 Cycle (effective for financial years starting on or after 1 January 2016).
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 1 (Disclosure Initiative) (effective for financial years starting on or after 1 January 2016).
  The amendments to this standard concern clarifications rather than changes to the explanation requirements. The amendments relate to, among other things, materiality, the order of the notes and accounting principles. The Group expects the amendments to have a limited impact on the notes;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years starting on or after 1 January 2016).
  The amendments concern supplementary guidelines for including acceptable depreciation and amortisation methods. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective for financial years starting on or after 1 January 2016).
  The amendments concern the inclusion of bearer plants in agriculture. The amended standard will not have any impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (effective for financial years starting on or after 1 February 2015).
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 27 (Equity Method in Separate Financial Statements) (effective for financial years starting on or after 1 January 2016).
  The amendment concerns allowing the equity method to be used for the valuation of participating interests, joint ventures and associates. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for financial years starting on or after 1 January 2016).
  The amendments concern the recognition of joint activities upon the acquisition of a share in the operation, in the event the operation can be qualified as a 'business'. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group.

New or amended standards and interpretations not yet endorsed 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:

- IFRS 9 Financial Instruments (effective for financial years starting on or after 1 January 2018).
  Application of this standard will result in, among other things, earlier inclusion of expected credit losses on financial assets. The application of this standard could also have consequences for the classification and valuation of financial assets and equity and liabilities. The standard also contains new requirements for hedge accounting. The Group does not expect the effect on the presentation, notes or financial results of the Group to be material;
- Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) (deferred).
  The amendments concern the elimination of conflicting requirements in relation to the moment of and share of the realisation of the result in the event of transactions with a joint venture or affiliated participating interest. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception) (effective for financial years starting on or after 1 January 2016).
  The amendments concern the consolidation of or by an investment entity and the application of the equity method by a non-investment entity to an investment entity. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- IFRS 14 Regulatory Deferral Accounts (effective for financial years starting on or after 1 January 2016).
  This standard applies for entities with activities for which the prices are regulated and which are applying IFRS for the first time. The standard does not affect the presentation, notes or financial results of the Group;
- IFRS 15 Revenue from Contracts with Customers (effective for financial years starting on or after 1 January 2018).
  The standard contains guidelines for recognising turnover from contracts with customers. The Group does not expect application of the standard to have any material 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 new standard, published on 13 January 2016, describes how both financial and operating lease contracts must be recognised. Investigation into the impact of this new standard still needs to be concluded.

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.

Semi-annual reports are presented in compliance with IAS 34 Interim Financial Reporting.

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.

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.

C PRINCIPLES FOR CONSOLIDATION AND THE SCOPE OF CONSOLIDATION

Basis of consolidation

Subsidiaries
Subsidiaries are entities over which the Company has control. Control of an entity entails that the Company has the authority, either directly or indirectly, to determine the financial and operational policies of the entity in order to obtain benefits from the operations of this entity. Potential voting rights that can be exercised or converted are taken into account in assessing whether there is control. The financial statements of the subsidiaries are included in the consolidated statements as from the date at which control is obtained until such time when control ceases. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that 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 in the profit and loss account.

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 and joint ventures 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 time of the acquisition, the Group considers whether the acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of the services provided by the subsidiary (e.g., cleaning, security, bookkeeping, etc.).
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. Costs 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) 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, liabilities and contingent liabilities. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill. After first 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. For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.
Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account.

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 costs incurred in connection with the acquisition are capitalised in that case. Goodwill and deferred tax liabilities at the moment of acquisition are not stated.

Scope of consolidation
The most important changes to the scope of the consolidation concerned:

- On 19 March 2015, Vastned incorporated the public limited company Korte Gasthuisstraat 17 NV. This company subsequently acquired the property located at Korte Gasthuisstraat 17 in Antwerp. Korte Gasthuisstraat 17 NV has been included in the consolidation from the date of incorporation.
- On 1 June 2015, Vastned acquired the shares in Rocking Plaza B.V. Rocking Plaza B.V. owns the property located at Kalverstraat 11-17/Rokin 12-16 in Amsterdam. Acquisition of the Rocking Plaza shares is not considered the acquisition of a business combination, consequently, no goodwill and no provision for deferred tax liabilities was included upon initial recognition.
  Rocking Plaza B.V. has been included in the consolidation since 1 June 2015.
- On 31 July 2015, Vastned Retail Belgium NV, of which the Company holds 65.5% of the shares, acquired all the shares in Tim & Ilse nv (owner of the object at Graanmarkt 13 in Antwerp). Tim & Ilse nv has been included in the consolidation from the date of acquisition.

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 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 liabilities valued at historical cost are not translated.

Translation differences are recognised in the profit and loss account, with the exception of unrealised translation results on net investments and unrealised translation results on intercompany loans that are materially part of the net investment. In the preparation of the consolidated financial statements, the items of all individual entities included in the Group’s consolidation are recognised in euros. If the particular financial statements are drawn up in a different currency, assets and liabilities are translated into euros on the balance sheet date and income and expenses paid are translated at exchange rates approximating the exchange rates effective on the dates of the transactions. The resulting exchange rate differences are recognised as a separate component in equity ('Translation reserve'). Exchange rate differences arising from the translation of net investments in foreign activities and related hedges are also recognised in equity under 'Translation reserve'. In the event of a full or partial disposal of an entity or foreign operation, the cumulative balance of this 'Translation reserve' is recognised in the profit and loss account.

E PROPERTY IN OPERATION AND UNDER RENOVATION

Property is real estate 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 real estate 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 first recognition, the property is recognised at acquisition price plus costs attributable to the acquisition, including property transfer tax, property agency fees, due diligence costs, and legal 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 'R Gross Rental Income'). The fair value is based on fair 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 fair value. In the event that both methods are applied, the respective outcomes are compared. The fair value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The fair value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). 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.

All property in operation and under renovation is appraised at least once a year by independent, certified appraisers.

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 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 and exercise objectivity.
- In principle, the external appraiser for a property is changed every three years.

Based on this method, more than 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 PROPERTY IN PIPELINE

Property in pipeline concerns property under construction or development for future use as property in operation. During development or construction, all directly attributable costs necessary for preparing the property for letting are recognised as the cost price of the property. Overhead costs are not capitalised.

Financing costs directly attributable to the acquisition or construction of the property are capitalised as part of the cost price of the property. Capitalisation of financing costs starts at the time when the preparations for construction or renovation have started, the expenditure is made and the financing costs are incurred. Capitalisation of financing costs is terminated when construction or development is complete and the property in pipeline is recognised as a property in operation. In determining the financing costs, a capitalisation percentage is applied to the expenditure. This percentage is equal to the weighted average of the financing costs of the Group's interest-bearing loans that are outstanding during the period concerned, excluding loans specifically taken out in connection with the property in pipeline. Financing costs relating to these loans taken out specifically are capitalised in full.

The property under construction or in development is recognised at fair value as soon as it becomes possible to reliably determine the fair value. A reliable determination of the fair value is considered possible once substantial development risks have been eliminated. Any differences between the fair value and the cost price applicable at that time are recognised in the profit and loss account under 'Value movements property in pipeline'.

G 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 any 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

H 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 Board of Management and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. At first recognition, financial derivatives are valued at cost. After first recognition, 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.

Hedging
When entering into hedging transactions, the relationship between the derivatives and the hedged loan positions is documented and aligned with the objectives in the treasury policy.

On 1 July 2015, the Group withdrew its designation of derivatives as cash-flow hedging, which means that from this date, the Group no longer applies hedge accounting and the unrealised profits or losses arising from changes in fair value of the derivatives are recognised in the profit and loss account.

Until 1 July 2015, the profits or losses were recognised as follows, depending on the degree of hedging:

- Derivatives that were not designated as a hedge or did not qualify for hedge accounting.
  These derivatives were stated at fair value; the results were recognised in the profit and loss account.
- Fair value hedging.
  Until 1 July 2015, the Group did not have any interest rate derivatives that qualified as fair value hedges.

- Cash flow hedging.
  Gains and losses in respect of the effective portion of the derivatives which were designated and qualified as cash flow hedges were included in group equity (after deduction of any deferred tax liabilities) under the item 'Hedging reserve in respect of financial derivatives'. The ineffective portion of the financial interest rate derivative was recognised in the profit and loss account.

If an interest rate derivative expired or was sold, terminated or exercised, but the hedged future transaction was still expected to take place, the cumulative gain or loss at that point remained included in equity and this gain or loss was recognised when the transaction occurred. If the hedged transaction was no longer expected to take place, the cumulative unrealised gain or loss stated in equity was immediately reclassified to the profit and loss account.

I ASSETS HELD FOR SALE

Property expected to be sold within a year is normally not presented separately on the balance sheet but included in 'Property in operation'.

A group of properties is recognised under 'Assets held for sale' if it is expected that the book value will principally be realised by the disposal of the group of properties 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 disposal is very likely, the group of properties is available for immediate disposal in their current form and the Board of Management has prepared a plan for this.

Assets held for sale are recognised at fair value less sales costs.
The fair value is equal to the expected sales proceeds.

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.

J DEBTORS AND OTHER RECEIVABLES

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

K CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits, call money and bank account credit balances.

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

Shares are classified as equity Vastned Retail shareholders. External costs 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. The increase in the capital paid-up and called associated with the issue of shares in respect of the stock dividend is charged to the share premium reserve, as are the costs in respect of the stock dividend.

When repurchasing the Company's own shares, the balance of the amount paid, including directly attributable costs, is recognised as a movement in equity.

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

M 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 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 liabilities and their fiscal book value. For the valuation of deferred tax 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 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.

Property is valued at fair value under the assumption that the fair value will be realised on the disposal of the property, unless it is expected that the value of a property will be realised through use. The Board of Management is of the opinion that the value of all property will be realised in the future on disposal.

N 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 liabilities are to be settled. The certified external actuary employs the projected unit credit method for these developments.

When the pension rights in respect of a plan are improved, the part of the improved pension rights that relates to employees' past years of service is recognised as an expense in the profit and loss account on a straight-line basis over the average period until the pension rights become vested. To the extent that the pension rights vest immediately, the expense is recognised in the profit and loss account immediately.

If the plan assets exceed the obligations, the recognition of the assets is limited to an amount not exceeding the net total of any unrecognised actuarial losses and pension costs for past service and the present value of any future refunds from the plan available at that time or lower future (pension) premiums.

Actuarial profits and losses are recognised directly in equity.

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
Obligations in respect of future long-service benefits are also recognised in this provision.

O 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.

P INTEREST-BEARING DEBTS

Upon first recognition, interest-bearing debts are stated at fair value less the costs associated with taking on the interest-bearing debt. After their first 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 equity and liabilities. Any repayments on interest-bearing debts within one year are recognised under short-term liabilities.

Convertible bond
The convertible bond is a component of the interest-bearing debts. The fair value of the part of the convertible bond 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 first recognition and thereafter stated at amortised cost until the moment the bond is converted or expires. The remainder is designated as the equity component of the bond and is recognised in the share premium reserve in equity.

Q OTHER LIABILITIES AND ACCRUALS

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

R 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 and under renovation.
Payments from tenants in relation to the premature termination of a lease are recognised in the period in which they occur.

S NET SERVICE CHARGE EXPENSES

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

T OPERATING EXPENSES
Operating expenses 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 costs are attributed to the period to which they relate. Costs incurred when concluding operational leases, such as commissions, are recognised in the period in which they are incurred.

U 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, unless a derivative qualified for hedge accounting (see under H FINANCIAL DERIVATIVES).

V GENERAL EXPENSES

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

W INCOME TAX

Income tax comprises taxes currently payable and offsettable as attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities (see under M 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.

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

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, with a distinction made between premium city high street shops, high street shops and non-high street shops. These reporting segments are consistent with the segments used in the internal reports.

3 SEGMENTED INFORMATION

	The Netherlands 2015	The Netherlands 2014	France 2015	France 2014	Belgium 2015	Belgium 2014	Spain/Portugal 2015	Spain/Portugal 2014	Turkey 2015	Turkey 2014	Total 2015	Total 2014
Net rental income	38,595	36,048	14,477	15,870	18,441	19,875	3,839	6,736	7,568	7,138	82,920	85,667
Value movements in property in operation	(8,225)	(32,801)	22,640	14,037	2,197	9,758	7,679	5,221	1,139	3,157	25,430	(628)
Value movements in property under renovation	-	-	608	410	-	-	-	-	-	-	608	410
Value movements in property in pipeline	(6)	(579)	-	-	-	-	-	-	-	-	(6)	(579)
Net result on disposal of property	1,118	725	2,184	(1,461)	(654)	(1,870)	56	-	-	-	2,704	(2,606)
Total net income from property	**31,482**	**3,393**	**39,909**	**28,856**	**19,984**	**27,763**	**11,574**	**11,957**	**8,707**	**10,295**	**111,656**	**82,264**
Net financing costs											(26,708)	(29,811)
General expenses											(8,523)	(8,897)
Income tax											(5,671)	(4,767)
Non-controlling interests											(5,283)	(7,083)
Result attributable to Vastned Retail shareholders											**65,471**	**31,706**

Property in operation	The Netherlands 2015	The Netherlands 2014	France 2015	France 2014	Belgium 2015	Belgium 2014	Spain/Portugal 2015	Spain/Portugal 2014	Turkey 2015	Turkey 2014	Total 2015	Total 2014
Balance as at 1 January	**647,061**	**620,402**	**329,021**	**358,948**	**355,951**	**361,300**	**68,654**	**63,403**	**131,512**	**127,807**	**1,532,199**	**1,531,860**
− Acquisitions	119,030	70,325	16,074	4,571	28,871	27,742	-	-	-	-	163,975	102,638
− Capital expenditure	2,196	894	414	345	434	36	-	30	-	548	3,044	1,853
− Taken into/out of operation	-	-	2,840	(1,900)	-	-	-	-	-	-	2,840	(1,900)
− Disposals	(18,415)	(11,759)	(33,140)	(46,980)	(31,105)	(42,885)	-	-	-	-	(82,660)	(101,624)
	749,872	679,862	315,209	314,984	354,151	346,193	68,654	63,433	131,512	128,355	1,619,398	1,532,827
− Value movements	(8,225)	(32,801)	22,640	14,037	2,197	9,758	7,679	5,221	1,139	3,157	25,430	(628)
Balance as at 31 December	**741,647**	**647,061**	**337,849**	**329,021**	**356,348**	**355,951**	**76,333**	**68,654**	**132,651**	**131,512**	**1,644,828**	**1,532,199**
− Accrued assets in respect of lease incentives	1,543	1,370	331	342	533	585	130	-	535	798	3,072	3,095
Appraisal value as at 31 December	**743,190**	**648,431**	**338,180**	**329,363**	**356,881**	**356,536**	**76,463**	**68,654**	**133,186**	**132,310**	**1,647,900**	**1,535,294**
Property under renovation	-	-	-	2,254	-	-	-	-	-	-	-	2,254
Property in pipeline	-	1,235	-	-	-	-	-	-	-	-	-	1,235
Property	**743,190**	**649,666**	**338,180**	**331,617**	**356,881**	**356,536**	**76,463**	**68,654**	**133,186**	**132,310**	**1,647,900**	**1,538,783**
Other assets	960	6,116	376	573	761	5,114	86	67	8	24	2,191	11,894
Not allocated to segments											3,984	15,916
Total assets											**1,654,075**	**1,566,593**
Liabilities	18,988	25,507	6,771	8,424	2,025	7,847	10,297	8,317	14,878	12,878	52,959	62,973
Not allocated to segments											700,103	637,621
Total liabilities [1]											**753,062**	**700,594**

1) The financing for the property portfolios in the different countries is managed at the holding level. For this reason segmenting this financing by country is not relevant.

	Premium city high street shops		High street shops		Non-high street shops		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Net rental income	45,217	38,951	18,300	20,990	19,403	25,726	82,920	85,667
Value movements in property in operation	56,311	34,191	(10,246)	(19,376)	(20,635)	(15,443)	25,430	(628)
Value movements in property under renovation	608	410	-	-	-	-	608	410
Value movements in property in pipeline	-	-	-	-	(6)	(579)	(6)	(579)
Net result on disposal of property	1,803	(63)	538	(848)	363	(1,695)	2,704	(2,606)
Total net income from property	**103,939**	**73,489**	**8,592**	**766**	**(875)**	**8,009**	**111,656**	**82,264**
Net financing costs							(26,708)	(29,811)
General expenses							(8,523)	(8,897)
Income tax							(5,671)	(4,767)
Non-controlling interests							(5,283)	(7,083)
Result attributable to Vastned Retail shareholders							**65,471**	**31,706**

Property in operation	Premium city high street shops		High street shops		Non-high street shops		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Balance as at 1 January	**912,022**	**786,036**	**328,681**	**386,983**	**291,496**	**358,841**	**1,532,199**	**1,531,860**
– Reclassification	-	2,315	-	185	-	(2,500)	-	-
– Acquisitions	163,975	100,813	-	1,825	-	-	163,975	102,638
– Capital expenditure	2,502	1,677	80	19	462	157	3,044	1,853
– Taken into/out of operation	2,840	(1,900)	-	-	-	-	2,840	(1,900)
– Disposals	(16,810)	(11,110)	(33,135)	(40,955)	(32,715)	(49,559)	(82,660)	(101,624)
	1,064,529	877,831	295,626	348,057	259,243	306,939	1,619,398	1,532,827
– Value movements	56,311	34,191	(10,246)	(19,376)	(20,635)	(15,443)	25,430	(628)
Balance as at 31 December	**1,120,840**	**912,022**	**285,380**	**328,681**	**238,608**	**291,496**	**1,644,828**	**1,532,199**
– Accrued assets in respect of lease incentives	2,136	2,036	542	515	394	544	3,072	3,095
Appraisal value as at 31 December	**1,122,976**	**914,058**	**285,922**	**329,196**	**239,002**	**292,040**	**1,647,900**	**1,535,294**
Property under renovation	-	2,254	-	-	-	-	-	2,254
Property in pipeline	-	-	-	-	-	1,235	-	1,235
Property	**1,122,976**	**916,312**	**285,922**	**329,196**	**239,002**	**293,275**	**1,647,900**	**1,538,783**
Other assets	579	1,949	848	1,650	667	3,990	2,094	7,589
Not allocated to segments							4,081	20,221
Total assets							**1,654,075**	**1,566,593**

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
The Netherlands	44,993	41,934	(40)	(53)	(104)	(210)	(6,254)	(5,623)	38,595	36,048
France	16,062	17,441	-	-	(199)	(120)	(1,386)	(1,451)	14,477	15,870
Belgium	19,941	21,997	(109)	(21)	(57)	(257)	(1,334)	(1,844)	18,441	19,875
Spain/Portugal	4,115	7,387	-	(39)	(27)	(345)	(249)	(267)	3,839	6,736
Turkey	8,063	7,638	-	-	(1)	-	(494)	(500)	7,568	7,138
	93,174	**96,397**	**(149)**	**(113)**	**(388)**	**(932)**	**(9,717)**	**(9,685)**	**82,920**	**85,667**

GROUND RENTS PAID

	2015	2014
Attributable to leased properties	143	109
Attributable to vacant properties	6	4
	149	**113**

NET SERVICE CHARGE EXPENSES

	2015	2014
Attributable to leased properties	54	256
Attributable to vacant properties	334	676
	388	**932**

OPERATING EXPENSES

	2015	2014
Attributable to leased properties	9,363	9,343
Attributable to vacant properties	354	342
	9,717	**9,685**

OPERATING EXPENSES

	2015	2014
Maintenance	2,459	2,501
Administrative and commercial management [1)]	3,727	3,856
Insurance	423	407
Local taxes	1,768	1,837
Letting costs	333	400
Allocation to the provision for doubtful debtors (on balance)	510	83
Other operating expenses	497	601
	9,717	**9,685**

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

5 VALUE MOVEMENTS IN PROPERTY

	2015			2014		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	71,389	(45,959)	25,430	55,740	(56,368)	(628)
Property under renovation	608	-	608	410	-	410
Property in pipeline	-	(6)	(6)	-	(579)	(579)
	71,997	**(45,965)**	**26,032**	**56,150**	**(56,947)**	**(797)**

6 NET RESULT ON DISPOSAL OF PROPERTY

	2015	2014
Sales price	87,211	101,405
Book value at time of disposal	(83,900)	(101,624)
	3,311	(219)
Sales costs	(799)	(2,414)
	2,512	(2,633)
Other	192	27
	2,704	**(2,606)**

7 NET FINANCING COSTS

INTEREST INCOME

	2015	2014
Bank accounts and short-term deposits	(131)	(82)
Other interest income	(695)	(2.826)
	(826)	**(2.908)**

INTEREST EXPENSE

	2015	2014
Long-term interest-bearing loans	20,166	26,147
Short-term credits and cash loans	158	522
Other interest payable	746	668
	21,070	**27,337**
Total interest	**20,244**	**24,429**
Value movements in financial derivatives	1,647	1,186
Reclassification of unrealised results on financial derivatives from equity	4,812	3,932
Exchange rate differences	5	264
	26,708	**29,811**

8 GENERAL EXPENSES

	2015	2014
Personnel costs	7,645	8,113
Remuneration of Supervisory Board	169	142
Consultancy and audit costs	1,166	1,194
Appraisal costs	551	571
Accommodation and office costs	1,237	1,537
Other expenses	1,111	860
	11,879	**12,417**
Attributed to operating expenses	(3,356)	(3,520)
	8,523	**8,897**

PERSONNEL COSTS

During 2015, an average of 52 employees (full-time equivalents) were employed by Vastned (2014: 58), of whom, 27 were in the Netherlands and 25 abroad.
In the year under review, Vastned was accountable for € 5.2 million in wages and salaries (2014: € 5.9 million), € 0.7 million in social security charges (2014: € 0.8 million) and € 0.7 million in pension premiums (2014: € 0.2 million).

AUDIT COSTS

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

	2015	2014
Audit fees	243	223
Audit-related fees	33	18
Other non-audit-related fees	27	-
	303	**241**

The audit costs include a sum of € 0.2 million (2014: € 0.1 million) for Deloitte Accountants B.V.

OTHER EXPENSES

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

9 INCOME TAX

CURRENT INCOME TAX EXPENSE	2015	2014
Current financial year	1,227	462
MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES		
In respect of:		
Value movements in property	4,303	3,292
Value movements in financial derivatives	-	26
Use of offsettable losses	141	987
	4,444	**4,305**
	5,671	**4,767**

The geographic distribution of the income tax is as follows:

	2015			2014		
	Current income tax expense	Movement in deferred tax assets and liabilities	Total	Current income tax expense	Movement in deferred tax assets and liabilities	Total
The Netherlands	305	-	305	3,124	-	3,124
France	(338)	-	(338)	546	-	546
Belgium	(63)	13	(50)	(3,375)	(76)	(3,451)
Spain	-	1,895	1,895	34	3,611	3,645
Portugal	153	117	270	133	(119)	14
Turkey	1,170	2,419	3,589	-	889	889
	1,227	**4,444**	**5,671**	**462**	**4,305**	**4,767**

RECONCILIATION OF EFFECTIVE TAX RATE		2015		2014
Result before taxes		**76,425**		**43,556**
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates for subsidiaries operating in other jurisdictions	8.2%	6,301	6.3%	2,726
Change in tax rates	(0.1%)	(62)	4.7%	2,052
Adjustment to previous financial years	(0.7%)	(568)	0.0%	(11)
	7.4%	**5,671**	**11.0%**	**4,767**

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 tax group which qualifies as a fiscal investment institution ('FBI') for corporate income tax. As long as this tax group continues to satisfy the conditions for qualifying as an FBI, the tax group's fiscal result is taxed at a corporate income tax rate of 0%. Virtually the entire Dutch property portfolio is 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. One Dutch company which holds Dutch property is subject to the regular fiscal regime, which means that the income less interest, management fees and other expenses paid 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 public regulated real estate company ('GVV') Vastned Retail Belgium NV. A regulated property 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 property business 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 paid is taxed at the nominal tax rate of 33.99%.

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 paid, is taxed at a nominal tax rate of 38.00%.

SPAIN, PORTUGAL AND TURKEY

In Spain, Portugal and Turkey, the properties are held by companies subject to the usual tax rules. In Spain, the nominal tax rate is 25.00%, in Portugal 22.50% and in Turkey 20.00%. Depreciation, interest, management fees and other expenses paid are deducted from the taxable net rental income realised in these companies.

The calculations of deferred tax assets and liabilities are based on the nominal corporate income tax rates as effective on 1 January 2016.

10 RESULT PER SHARE

	2015 Basic	2015 Diluted	2014 Basic	2014 Diluted
Result	**65,471**	**65,471**	**31,706**	**31,706**
Adjustment for effect of convertible bond	-	3,312	-	2,432
Result adjusted for effect of convertible bond	**65,471**	**68,783**	**31,706**	**34,138**

AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	2015 Basic	2015 Diluted	2014 Basic	2014 Diluted
Balance as of 1 January	19,036,646	19,036,646	19,036,646	19,036,646
Adjustment for effect of convertible bond	-	2,490,942	-	1,785,796
Average number of ordinary shares in issue	**19,036,646**	**21,527,588**	**19,036,646**	**20,822,442**

PER SHARE (X € 1)	2015 Basic	2015 Diluted	2014 Basic	2014 Diluted
Result	**3.44**	**3.20**	**1.67**	**1.64**

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.

11 DIVIDEND

On 15 May 2015, the final dividend for the 2014 financial year was made payable. The dividend amounted to € 1.27 per share in cash. This dividend payment totalled € 24.2 million.

On 8 September 2015, the interim dividend for the 2015 financial year was made payable. The interim dividend amounted to € 0.74 per share in cash (total payout: € 14.1 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 Corporation Tax Act and for the interim dividend already paid out, the Board of Management proposes to pay out a final dividend of € 1.31 per share in cash for the 2015 financial year.

If the General Meeting of Shareholders of 20 April 2016 approves the dividend proposal, the dividend will be made payable to shareholders on 13 May 2016. The dividend to be distributed has not been entered on the balance sheet as a liability.

12 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:

ASSETS VALUED AT FAIR VALUE

	Level	2015 Book value	2015 Fair value	2014 Book value	2014 Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,647,900	1,647,900	1,535,294	1,535,294
Property under renovation	3	-	-	2,254	2,254
Property in pipeline	3	-	-	1,235	1,235
Fixed assets					
Financial derivatives	2	-	-	722	722
Current assets					
Debtors and other receivables	2	2,211	2,211	9,567	9,567
Cash and cash equivalents	2	2,762	2,762	12,712	12,712

LIABILITIES VALUED AT FAIR VALUE

	Level	2015 Book value	2015 Fair value	2014 Book value	2014 Fair value
Long-term liabilities					
Long-term interest-bearing loans	2	652,513	672,601	599,388	622,541
Financial derivatives	2	5,427	5,427	11,222	11,222
Guarantee deposits and other long-term liabilities	2	3,557	3,557	3,684	3,684
Short-term debt					
Payable to banks	2	7,953	7,953	2,304	2,304
Redemption of long-term interest-bearing loans	2	25,017	25,017	15,267	15,267
Financial derivatives	2	-	-	832	832
Other liabilities and accruals	2	22,854	22,854	31,530	31,530

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 2015 and 2014.

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 Other 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 an explanation of the valuation methods used for property in operation, under renovation and in pipeline, the financial derivatives and long-term interest-bearing loans, see the notes to the particular assets and liabilities.

13 PROPERTY

The property in operation, under renovation and in pipeline valued at fair value fall under 'level 3' in terms of valuation method.

Valuation of property
The property in operation, under renovation and in pipeline are stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives. The fair value is based on fair 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 property in pipeline is recognised at fair value as soon as it becomes possible to reliably determine the fair value of the property under construction or in development. A reliable determination of the fair value is considered possible once substantial development risks have been eliminated.

The following system is used to determine the fair value:

- The valuation of the property is based on the most efficient and effective use.
- All property with an expected individual value exceeding € 2.5 million is appraised externally every six months.
- External appraisals of all 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 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 and exercise objectivity.
- In principle, the external appraiser for a property is changed every three years.

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 fair value. In the event that both methods are applied, the respective outcomes are compared. The fair value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The fair value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). 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.

Key principles and assumptions used in determining the appraisal values of the property in operation and under renovation:

	The Netherlands		France		Belgium		Spain/Portugal		Turkey	Total	
	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	Premium city high street shops	High street shops/ Non-high street shops
2015											
Lease incentives still to be granted as at the balance sheet date	131	283	254	48	290	63	-	-	-	675	394
Market rental value per sqm (x € 1)	570	166	733	193	403	142	1.406	149	671	590	160
Theoretical annual rental value per sqm (x € 1)	524	182	664	217	392	146	1.288	193	653	551	175
Vacancy rate at end of reporting year	0.3	5.0	0.4	10.9	-	3.5	-	-	0.6	0.3	4.9
Weighted average lease term in years (first break)	4.7	3.5	2.2	1.9	1.9	2.3	3.5	5.9	1.8	3.1	3.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**3.9**	**6.7**	**3.9**	**5.9**	**4.1**	**5.6**	**3.6**	**7.6**	**5.8**	**4.1**	**6.4**
2014											
Lease incentives still to be granted as at the balance sheet date	335	367	170	205	239	230	-	-	-	744	802
Market rental value per sqm (x € 1)	526	167	681	214	406	130	1.309	165	650	568	159
Theoretical annual rental value per sqm (x € 1)	479	180	620	233	410	134	1.292	231	631	535	171
Vacancy rate at end of reporting year	0.9	3.8	1.4	10.1	-	2.6	-	-	0.7	0.8	4.0
Weighted average lease term in years (first break)	5.8	3.7	1.8	2.2	1.8	3.5	4.0	4.4	2.8	3.3	3.5
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.2**	**6.7**	**4.3**	**5.8**	**4.4**	**5.7**	**4.3**	**8.5**	**5.9**	**4.5**	**6.4**

The market rent is the estimated amount for which a specific space can be let at a specific 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 income is the gross annual rent exclusive of the effects of straight-lining lease incentives, increased by the annual market rent of any vacant spaces.

The vacancy rate is calculated by dividing the estimated market rent of the vacant spaces by the estimated market rent of the total property portfolio.

The net yield is calculated by dividing the contractual gross rental income less the non-recovarable operating expenses by the fair value of the property on all-in basis.

An increase in the net initial yields used in the appraised values of 25 basis points will result in a decrease of € 80.8 million or 4.9% (2014: € 69.4 million or 4.5%) in the value of the property in operation and an increase of approximately 214 basis points (2014: approximately 189 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 € 41.2 million or 2.5% (2014: € 54.4 million or 3.5%) in the value of the property portfolio and an increase of approximately 107 basis points (2014: approximately 147 basis points) in the loan-to-value ratio.

PROPERTY IN OPERATION AND UNDER RENOVATION

As of 31 December 2015, 93% of the property in operation was appraised by independent certified appraisers. The appraisal values determined by these external appraisers match the book values recorded in the financial statements. The other property in operation (with an individual value of € 2.5 million or less) was appraised by independent certified appraisers as of 30 June 2015. The fair value of this property on 31 December 2015 was determined internally, for which the external appraisal reports prepared earlier in the year constituted a key starting point.

The independent certified appraisers who appraised the property are as follows: CBRE in Amsterdam, Brussels, Madrid and Paris, Cushman & Wakefield in Amsterdam, Brussels, Lisbon, Madrid and Paris, Crédit Foncier Expertise in Paris and DTZ in Istanbul.

	2015			2014		
	In operation	Under renovation	Total	In operation	Under renovation	Total
Balance as at 1 January	1,532,199	2,254	1,534,453	1,531,860	-	1,531,860
Acquisitions	163,975	-	163,975	102,638	-	102,638
Capital expenditure	3,044	(22)	3,022	1,853	(56)	1,797
Taken into/out of operation	2,840	(2,840)	-	(1,900)	1,900	-
Disposals	(82,660)	-	(82,660)	(101,624)	-	(101,624)
	1,619,398	**(608)**	**1,618,790**	**1,532,827**	**1,844**	**1,534,671**
Value movements	25,430	608	26,038	(628)	410	(218)
Balance as at 31 December	**1,644,828**	**-**	**1,644,828**	**1,532,199**	**2,254**	**1,534,453**
Accrued assets in respect of lease incentives	3,072	-	3,072	3,095	-	3,095
Appraisal value as at 31 December	**1.647.900**	**-**	**1.647.900**	**1.535.294**	**2.254**	**1.537.548**

The acquisitions in the Netherlands in 2015 involved premium city high street shops in Amsterdam for € 119.0 million. In Belgium, premium city high street shops were acquired in Antwerp, involving a sum of € 28.9 million. In France, premium city high street shops were acquired in the Le Marais neighbourhood in Paris for € 16.1 million.

The capital expenditure in 2015 involved improvements to a number of properties throughout the various countries.

In 2015, the disposals involved premium city high street shops in France and the Netherlands for € 18.6 million, high street shops in the Netherlands, France and Belgium for € 33.7 million and non-high street shops in Belgium and in the Netherlands for € 32.7 million. A positive sales result of € 2.3 million compared to the most recent book value was realised on these disposals.

ACCRUED ASSETS IN RESPECT OF LEASE INCENTIVES

	2015	2014
Balance as at 1 January	3,095	2,702
Lease incentives	1,887	2,824
Charged to the profit and loss account	(1,966)	(2,591)
Other	56	160
Balance as at 31 December	**3,072**	**3,095**

Property with a value of € 0.9 million (2014: € 1.2 million) serves as security for loans contracted (also see 20 **LONG-TERM INTEREST-BEARING LOANS**).

For further details on the property in operation, please see the **2015 PROPERTY PORTFOLIO** overview included elsewhere in this annual report.

PROPERTY IN PIPELINE

	2015	2014
Balance as at 1 January	1,235	1,890
Acquisitions and development expenditure	11	(76)
Disposals	(1,240)	-
	6	**1,814**
Value movements	(6)	(579)
Balance as at 31 December	**-**	**1,235**

The property in Houten was sold in 2015 and, as of year-end 2015, Vastned no longer owns any property in pipeline.

14 DEFERRED TAX ASSETS AND LIABILITIES

	1 January 2015 Liabilities	Movement in profit and loss account	To assets/ liabilities	Reclassification	Exchange rate differences	Other	31 December 2015 Liabilities
Property	20,472	4,303	-	(293)	-	369	24,851
Offsettable losses	(612)	141	-	293	-	(87)	(265)
	19,860	**4,444**	**-**	**-**	**-**	**282**	**24,586**

	1 January 2014 Liabilities	Movement in profit and loss account	To assets/ liabilities	Reclassification	Exchange rate differences	Other	31 December 2014 Liabilities
Property	15,802	3,292	-	869	509	-	20,472
Financial derivatives	(897)	26	-	871	-	-	-
Offsettable losses	(233)	987	16	(1,368)	(14)	-	(612)
Other	372	-	-	(372)	-	-	-
	15,044	**4,305**	**16**	**-**	**495**	**-**	**19,860**

The deferred tax assets and liabilities as of 31 December 2015 are related to Belgium, Spain, Portugal and Turkey.

The offsettable losses relate to Belgium and Spain and there are no limits on carrying these forward in time.

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 € 10.5 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.

15 DEBTORS AND OTHER RECEIVABLES

	2015	2014
Debtors	3,048	2,368
Provision for doubtful debtors	(2,644)	(2,315)
	404	**53**
Taxes	15	121
Receivable from disposals	288	6,174
Interest	-	1,380
Service charges	171	127
Prepaid expenses	673	853
Other receivables	660	859
	2,211	**9,567**

The other receivables include items with a term in excess of one year with a total value of € 0.1 million (2014: € 0.1 million).

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents concern deposits, call money and bank account credit balances with a term of less than three months. The cash and cash equivalents are freely available to the Company.

17 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:

	2015		2014	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	381	271	211	173
Overdue by between 31 and 90 days	58	33	37	29
Overdue by between 91 days and one year	984	867	663	660
Overdue by more than one year	1,625	1,473	1,457	1,453
	3,048	**2,644**	**2,368**	**2,315**

Movements in the provision for doubtful debtors were as follows:

	2015	2014
Balance as at 1 January	2,315	5,187
Allocation to the provision	600	324
Write-off for bad debts	(181)	(439)
Release	(90)	(241)
Disposal of subsidiaries	-	(2,516)
Balance as at 31 December	**2,644**	**2,315**

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.

18 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 € 42.90 per share as of 31 December 2015 (31 December 2014: € 41.09 per share).

NUMBER OF SHARES IN ISSUE	2015	2014
Balance as at 31 December	19,036,646	19,036,646

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.

19 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 plans.

Mercer (Nederland) B.V. has made the following assumptions for the actuarial calculations concerning the defined benefit pension plans:

	31-12-2015	31-12-2014
Discount rate	2.60%	2.30%
Expected return on plan assets	2.60%	2.30%
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% - 2.00%	0.325% - 2.00%

	2015	2014	2013	2012	2011
Present value of defined benefit pension obligation	22,984	24,340	16,590	16,057	9,886
Fair value of plan assets	(17,003)	(17,854)	(12,615)	(11,826)	(7,982)
	5,981	**6,486**	**3,975**	**4,231**	**1,904**
Long-term employee benefits	66	75	86	121	108
	6,047	**6,561**	**4,061**	**4,352**	**2,012**

Movements in the present value of the defined pension obligations were as follows:

	2015	2014
Balance as at 1 January	24,340	16,590
Service cost	546	376
Past service cost	-	(223)
Interest	555	647
Contributions	46	55
Actuarial loss/(gain):		
• Demographic assumptions	-	(101)
• Financial assumptions	(2,106)	7,511
• Experience adjustments	7	(79)
Benefit paid	(404)	(436)
Balance as at 31 December	**22,984**	**24,340**

Movements in the fair value of plan assets were as follows:

	2015	2014
Balance as at 1 January	17,854	12,615
Expected return	411	500
Actuarial gain/(loss)	(1,320)	4,687
Employer contributions	467	487
Employee contributions	46	55
Benefits paid	(404)	(436)
Expenses	(51)	(54)
Balance as at 31 December	**17,003**	**17,854**

As stated earlier, the defined benefit pension plan is re-insured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. For that reason, the plan assets consist entirely of insurance contracts.

The amounts recognised under general expenses in the profit and loss account in respect of the defined benefit pension plans and the defined contribution pension plans are as follows:

	2015	2014
Employer service costs	546	153
Interest	555	647
Expected return on plan assets	(411)	(500)
Administration costs	51	55
	741	**355**
Defined contribution pension plans	136	101
	877	**456**

Vastned expects to contribute a total of € 0.4 million to its defined benefit pension plans in 2016. Vastned expects to contribute a total of € 0.1 million to its defined contribution pension plans in 2016.

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
	2.35%	2.60%	2.85%
Present value of defined benefit pension obligations	24,333	22,984	21,734
Service cost	568	526	487

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.

20 LONG-TERM INTEREST-BEARING LOANS

	2015				2014			
	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]	72	106	178	1.50	71	124	195	1.50
• floating interest rate	-	-	-	-	-	-	-	-
	72	**106**	**178**	**1.50**	**71**	**124**	**195**	**1.50**
Unsecured loans								
• fixed interest rate [1]	345,912	85,000	430,912	3.15	209,663	226,000	435,663	4.10
• floating interest rate	221,423	-	221,423	1.58	41,030	122,500	163,530	1.93
	567,335	**85,000**	**652,335**	**2.62**	**250,693**	**348,500**	**599,193**	**3.51**
Total								
• fixed interest rate [1]	345,984	85,106	431,090	3.15	209,734	226,124	435,858	4.10
• floating interest rate	221,423	-	221,423	1.58	41,030	122,500	163,530	1.93
	567,407	**85,106**	**652,513**	**2.62**	**250,764**	**348,624**	**599,388**	**3.51**

1) Including the part that was fixed by means of interest rate derivatives.

The right of mortgage on property with a value of € 0.9 million (2014: € 1.2 million) has been granted as security for the secured loans.
A positive/negative mortgage declaration 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 met these conditions as of 31 December 2015. 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 of € 25.0 million (2014: € 15.3 million) is recognised under short-term liabilities.

As of 31 December 2015, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 708.3 million (2014: € 736.5 million).
The unused credit facility of the long-term interest-bearing loans as of 31 December 2015 was € 30.8 million (2014: € 121.8 million).

The convertible bond below is included in the Long-term interest-bearing loans:

Year of issue	Term	Carrying amount	Interest rate	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 44.16	2,490,942

The convertible bond is a compound financial instrument. The fair value of the part of the convertible bond designated as long-term interest-bearing loan has been determined by discounting an equivalent non-convertible loan at the market interest rate. This amount is included as a liability upon first recognition and thereafter stated at amortised cost. The remainder is designated as the equity component of the bond and is recognised in the share premium reserve in equity.

	2015	2014
Balance as at 1 January	104,663	-
Issue	-	110,000
Equity component	-	(4,085)
	104,663	**105,915**
Transaction costs	-	(2,162)
	104,663	**103,753**
Use of effective interest method	1,249	910
Balance as at 31 December	**105,912**	**104,663**

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 € 44.16 after the payment of dividend in 2014 and 2015. Vastned has the option of redeeming all outstanding bonds by paying the principal plus the interest incurred, in cash, after 8 May 2017, 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.

The average term of the long-term interest-bearing loans was 4.0 years (2014: 4.7 years).

The fair value of the long-term interest-bearing loans is calculated on the basis of 'level 2' (see 12 FAIR VALUE).
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 year-end 2015.

As at 31 December, the fair value of the long-term interest-bearing loans, including the part due within one year, was as follows:

	2015		2014	
	Fair value	Carrying amount	Fair value	Carrying amount
	697,618	677,530	637,808	614,655

The average interest rate in 2015 was 2.85% (2014: 4.15%).

21 LONG-TERM TAX LIABILITIES

	2015	2014
Balance as at 1 January	1,128	2,256
Short-term portion as at 1 January	1,128	1,677
	2,256	**3,933**
Payments	(1,128)	(1,677)
	1,128	**2,256**
Short-term portion as at 31 December	(1,128)	(1,128)
Balance as at 31 December	**-**	**1,128**

This concerns the long-term portion of the exit tax in France, which is payable in connection with obtaining the SIIC status for property companies acquired in the past.

22 PAYABLE TO BANKS

	2015	2014
Credit facility	76,969	30,769
Of which undrawn	(69,016)	(28,465)
Drawn down as at 31 December	**7,953**	**2,304**

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.

The average interest rate in 2015 was 1.45% (2014: 2.34%).

The fair value of the amounts payable to banks is calculated on the basis of 'level 2'.

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

	2015	2014
Accounts payable	1,030	2,001
Investment creditors	1,022	944
Dividend	24	25
Taxes	1,673	2,035
Prepaid rent	7,728	7,508
Interest	4,365	4,812
Operating expenses	2,184	2,428
Payable in respect of acquisitions	-	7,981
Other liabilities and accruals	4,828	3,796
	22,854	**31,530**

24 FINANCIAL INSTRUMENTS

A MANAGEMENT OF FINANCIAL RISKS

For the realisation of its objectives and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions aimed at mitigating the 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.

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 guiding principle is to limit loan capital financing of the property portfolio to approximately 40%-45% of the fair value of the properties. In line with these objectives, 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.

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 2015, the solvency ratio was 56.0%, 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 2015 was 4.1, which was well above the ratio of 2.0 agreed with lenders.

At year-end 2015, the weighted average term of the long-term interest-bearing loans was 4.0 years.

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 2015, Vastned had € 77.0 million in short-term credit facilities available, of which it had drawn down € 8.0 million. The unused credit facility of the long-term interest-bearing loans as of 31 December 2015 was € 30.8 million. The total unused credit facility as of 31 December 2015 was € 99.8 million, therefore.

The table below shows the financial liabilities, including the estimated interest payments [1].

	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans [2]	652,513	728,697	18,248	623,810	86,639
Guarantee deposits and other long-term liabilities	3,557	3,557	-	3,557	-
Payable to banks [3]	7,953	7,953	7,953	-	-
Redemption of long-term interest-bearing loans [3]	25,017	25,106	25,106	-	-
Income tax	5,108	5,108	5,108	-	-
Other liabilities and accruals	22,854	22,854	22,854	-	-
	717,002	**793,275**	**79,269**	**627,367**	**86,639**

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 2016.
2) Including interest rate swaps.
3) Including interest up to the next expiry 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.

Until 1 July 2015, the interest rate swaps were designated as cash flow hedges if it had been established that these hedges were materially effective. Cash flow hedge accounting was applied for these swaps, which meant that value movements in these swaps were recognised directly in equity.

The value movements in the interest rate swaps for which it had been established that the hedges were not materially effective were recognised in the profit and loss account.

On 1 July 2015, the Group withdrew its designation of derivatives as cash-flow hedging, which means that from this date, the value movements of all interest rate derivatives entered into by the Group are recognised in the profit and loss account.

At year-end 2015, the interest rate risk on loans with a nominal value of € 225.0 million was hedged by means of interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.29% to 2.60% (excluding margins) and expiry dates ranging from 15 December 2017 through to 22 September 2021.

The fair value of the interest rate swaps amounted to negative € 5.4 million at year-end 2015. This on balance negative fair 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 € 652.5 million, € 431.1 million was at a fixed interest rate at year-end 2015 (see 24B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS).

Most of 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 3.8 years (2014: 3.1 years).

All transactions involving financial derivatives are entered into with reputable banks with at least an investment grade rating as counterpartie. For this reason, it is considered unlikely that the counterparties will be unable to fulfil their obligations.

Interest rate sensitivity

As of 31 December 2015, the impact on the interest expense of a hypothetical 100-basis-point increase in interest rates - all other factors remaining equal - would be an increase of € 2.3 million. Should interest rates decrease by 100 basis points as of this date (all other factors remaining equal), the impact on the interest expense would be a decrease of € 2.3 million.
The developments take into account the financial derivatives entered into.

Currency risk

In principle, currency risks are limited as a result of the strategic decision to invest primarily in the euro zone. Vastned has property in Istanbul, Turkey. Turkey is not in the euro zone, which means it does involve a currency risk. The risk is mitigated on the one hand by limiting the size of the Turkish property portfolio to a maximum of 10% of the total property portfolio and on the other hand by stipulating a rent in euros in the leases wherever possible and by financing the investment wholly or partly in the same currency as the investment itself, which significantly lowers the exposure.

B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS

	2015			2014		
	Contract renewal	Interest renewal	Average interest rate [1]	Contract renewal	Interest renewal	Average interest rate [1]
2015	-	-	-	-	72,500	5.21
2016	-	178	1.50	41,900	41,195	4.57
2017	42,700	47,500	4.33	61,245	30,000	3.61
2018	15,000	20,000	3.68	20,000	85,000	4.31
2019	140,912	145,912	2.77	129,663	144,663	2.82
2020	368,723	132,500	3.54	271,400	62,500	5.38
2021 and beyond	85,178	85,000	2.41	75,180	-	
Total long-term interest-bearing loans with a fixed interest rate	**652,513**	**431,090**	**3.15**	**599,388**	**435,858**	**4.10**
Long-term interest-bearing loans with a floating interest rate	-	221,423	1.58	-	163,530	1.93
Total long-term interest-bearing loans	**652,513**	**652,513**	**2.62**	**599,388**	**599,388**	**3.51**

1) Including interest rate swaps and credit spreads in effect at year-end 2015 and 2014.

C OVERVIEW OF FAIR VALUE INTEREST RATE DERIVATIVES

	2015		2014	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**5,427**	**722**	**12,054**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2015		2014	
	Fair value interest rate derivatives	Carrying amounts	Fair value interest rate derivatives	Carrying amounts
Interest rate swaps < 1 year	-	-	(110)	50,000
Interest rate swaps 1-2 years	(187)	10,000	(1,837)	31,000
Interest rate swaps 2-5 years	(4,297)	130,000	(9,385)	130,000
Interest rate swaps > 5 years	(943)	85,000	-	-
	(5,427)	**225,000**	**(11,332)**	**211,000**

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 IN THE BALANCE SHEET

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 on 15 May 2015 without the buyers having invoked it. The guarantee concerning the guaranteed tax-offsettable loss decreases year by year, with the last portion expiring as of 25 July 2017.

The acquisition of Rocking Plaza BV, owner of the property located at Kalverstraat 11-17 / Rokin 12-16 in Amsterdam, is not considered the acquisition of a business combination. The provision for deferred tax liabilities recognized in the acquisition balance sheet amounting to € 3.4 million is in accordance with IAS 12 not included in the balance sheet.

26 OPERATING LEASES

Vastned lets its property in the form of operating leases.

The future minimum income from non-cancellable operating leases is as follows:

	2015	2014
Within one year	86,956	89,418
One to five years	167,052	160,151
More than five years	29,291	24,305
	283,299	**273,874**

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 rent 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 rent 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 rent adjustments are based on the cost-of-living index.

In Spain, the leases are usually concluded for a minimum period of five years. Annual rent adjustments are based on the cost-of-living index.

The lease legislation in Portugal that applies to the leases concluded by Vastned is comparable to that of Spain. Virtually all leases concluded by Vastned in Portugal have a term of ten years.

In Turkey, leases are generally concluded for a period of five years. All leases concluded by Vastned in Turkey are denominated in euros and are increased on the basis of specific agreements.

27 EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the consolidated financial statements have taken place since the balance sheet date.

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 best 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 2015, 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:

Commonwealth Bank of Australia	5.79%
BlackRock, Inc.	5.29%
FMR LLC	5.05%
NN Group N.V.	5.01%
JP Morgan Asset Management Holdings Inc.	4.99%

SUBSIDIARIES

Please see 29 **SUBSIDIARIES** and the chapter **CORPORATE GOVERNANCE** in the Report of the Board of Management for an overview of the major 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.

RECEIVABLE ON VASTNED RETAIL BELGIUM NV

In the context of Vastned Retail Belgium NV's 2014 acquisition of the shares of Veldstraat 23-27 NV, Vastned provided Vastned Retail Belgium NV with temporary financing in the form of a Term Loan Agreement for € 17.0 million. The interest rate was Euribor 6-months plus 1.40% per year.

The market conformity of the conditions of this financing was confirmed by independent experts.
Vastned Retail Belgium NV repaid the amount of the financing in full to Vastned on 12 January 2015, thus terminating the Term Loan Agreement.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE BOARD OF MANAGEMENT

During the 2015 financial year, none of the members of Vastned's Supervisory Board or Board of Management had a personal interest in the investments of the Company.

REMUNERATION AND SHAREHOLDING OF THE SUPERVISORY BOARD

	Remuneration 2015	Shares held at year-end 2015	Remuneration 2014	Shares held at year-end 2014
W.J. Kolff	42	-	38	-
M.C. van Gelder (from 24 April 2015)	24	-	-	-
M. Bax	34	-	33	-
J.B.J.M. Hunfeld	34	-	34	-
C.M. Insinger (from 24 April 2015)	23	-	-	-
P.M. Verboom (until 24 April 2015)	12	-	37	-
	169	**-**	**142**	**-**

REMUNERATION AND SHAREHOLDING OF THE BOARD OF MANAGEMENT

							2015
	Salaries (including social security charges)	Bonus for 2015, payable 2016	Redemption long-term incentive scheme	Severance payment	Pension premiums	Total	Shares held at year-end 2015
T.T.J. de Groot	449	143	63	-	81	736	51,051
R. Walta	254	92	-	-	46	392	-
	703	**235**	**63**	**-**	**127**	**1,128**	**51,051**

							2014
	Salaries (including social security charges)	Bonus for 2014, payable 2015	Redemption long-term incentive scheme	Severance payment	Pension premiums	Total	Shares held at year-end 2014
T.T.J. de Groot	384	135	-	-	70	589	51,051
R. Walta (from 1 November 2014)	42	-	-	-	10	52	-
T.M. de Witte (until 31 December 2014)	310	70	-	450	59	889	4,130
	736	**205**	**-**	**450**	**139**	**1,530**	**55,181**

Taco de Groot achieved 81.5% of his Short-Term Incentives Targets in 2015, for which he was granted a bonus of € 143, which will be paid in 2016.

Reinier Walta achieved 94.0% of his Short-Term Incentives Targets in 2015, for which he was granted a bonus of € 92, which will be paid in 2016.

In April 2015, the Supervisory Board determined the bonus for Tom de Witte at € 93, € 70 of this amount was already included in the result for 2014, so that an amount of € 23 was stated in 2015.

For further details of the redemption long-term incentive scheme see the chapter REMUNERATION REPORT 2015 included elsewhere in this annual report.

Taco de Groot acquired his 51,051 Vastned shares at his own expense. Vastned has not provided any guarantees with regard to these shares.

No option rights have been granted to the Board of Management or Supervisory Board members. Nor have any loans or advances been made to them or guarantees provided on their behalf.

The members of the Board of Management and Supervisory Board are designated as managers in key positions. For further details of the remuneration, see the chapter REMUNERATION REPORT 2015 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 Monumenten B.V.	The Netherlands	100
Vastned Management B.V.	The Netherlands	100
Vastned Retail Nederland Projectontwikkeling B.V.	The Netherlands	100
• Rocking Plaza 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. 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
Compagnie Financière du Benelux NV	Belgium	100
Vastned Retail Belgium NV	Belgium	65
• EuroInvest Retail Properties NV	Belgium	65
• Tim & Ilse nv	Belgium	65
Korte Gasthuisstraat 17 NV	Belgium	100
Vastned Retail Spain S.L.	Spain	100
Vastned Projecten B.V.	The Netherlands	100
• Vastned Lusitania Investimentos Imobiliarios S.A.	Portugal	100
Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş.	Turkey	100

All subsidiaries are fully consolidated; non-controlling interests are recognised separately on the balance sheet under equity. Non-controlling interests in the result of the Group are recognised separately in the profit and loss account.

The non-controlling interest included on the balance sheet as at 31 December 2015 concerns the share of non-controlling shareholders in the Belgium-based subsidiary Vastned Retail Belgium NV and its subsidiaries EuroInvest Retail Properties NV and Tim & Ilse nv.

The summarised financial data of this subsidiary as at 31 December 2015 are as follows:

	2015		2014	
	100%	Non-controlling interests	100%	Non-controlling interests
Balance sheet				
Property	346,674	119,635	356,536	123,038
Other assets	1,363	470	5,571	1,923
	348,037	**120,105**	**362,107**	**124,961**
Equity	244,495	84,373	242,794	83,786
Long-term liabilities	69,651	24,036	91,541	31,590
Other liabilities	33,891	11,696	27,772	9,585
	348,037	**120,105**	**362,107**	**124,961**
Profit and loss account				
Net rental income	18,893	6,520	20,751	7,161
Value movements in property	2,350	811	7,888	2,722
Net financing costs	(3,344)	(1,154)	(5,445)	(1,879)
General expenses	(2,336)	(806)	(2,455)	(847)
Income tax	(255)	(88)	(213)	(74)
Result	**15,308**	**5,283**	**20,526**	**7,083**
Value movements of financial derivatives recognised directly in equity	207	70	297	102
Total comprehensive income	**15,515**	**5,353**	**20,823**	**7,185**
Cash flow statement				
Cash flow from operating activities	11,617	4,009	13,038	4,499
Cash flow from investment activities	15,379	5,307	17,390	6,001
Cash flow from financing activities	(27,063)	(9,339)	(31,949)	(11,025)
Total cash flow	**(67)**	**(23)**	**(1,521)**	**(525)**

A sum of € 4.8 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium NV in 2015 (2014: € 4.6 million).

30 ACCOUNTING ESTIMATES AND JUDGEMENTS

In consultation with the Audit and Compliance Committee, the Board of Management 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 at 31 December 2015, there were no legal proceedings whose final outcome the Board of Management 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 Board of Management estimates, this might have a negative impact on the result.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Assumptions concerning property in operation and under renovation
As described in 2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING, all property in operation and under renovation are 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 and under renovation 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 under renovation and, as a consequence, on the result.

Assumptions concerning pensions
The Board of Management has made a number of assumptions concerning the development of the provision for pension obligations. These assumptions involve inter alia assumptions about the future return to be realised on investments and about future salary increases. If the realisation should prove to deviate materially, an actuarial result might ensue that must be recognised in equity.

Deferred tax liabilities in Spain
As a result of amended tax legislation in Spain with effect from 2015, the tax refund facility for income tax owed in the event of the reinvestment of realised capital gains has been abolished. With effect from 2015, a new, significantly cut-back facility has been introduced on this point with additional conditions, which, in the Board of Management's opinion, has the consequence that the impact of a tax refund in the event of reinvestment is limited. The deferred tax liabilities that pertain to hidden reserves on property have therefore been calculated based on the nominal tax rate which is expected to be paid.

31 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 8 March 2016.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

ASSETS	2015	2014
Property in operation	8,370	7,878
Accrued assets in respect of lease incentives	-	42
Total property	**8,370**	**7,920**
Participations in group companies	1,411,162	1,405,817
Financial derivatives	-	722
Total fixed assets	**1,419,532**	**1,414,459**
Group companies	176,845	37,379
Debtors and other receivables	643	1,376
Income tax	4	3,635
Cash and cash equivalents	2	8
Total current assets	**177,494**	**42,398**
Total assets	**1,597,026**	**1,456,857**

EQUITY AND LIABILITIES	2015	2014
Capital paid-up and called	95,183	95,183
Share premium reserve	472,640	472,640
Hedging reserve in respect of financial derivatives	616	(5,691)
Translation reserve	(5,728)	(5,728)
Revaluation reserve	397,973	375,162
Other reserves	(209,515)	(181,059)
Result attributable to Vastned Retail shareholders	65,471	31,706
Equity Vastned Retail shareholders	**816,640**	**782,213**
Long-term interest-bearing loans	587,260	512,379
Financial derivatives	1,278	828
Guarantee deposits	102	102
Total long-term liabilities	**588,640**	**513,309**
Payable to banks	182,388	146,272
Financial derivatives	-	6,671
Income tax	3,621	3,124
Other liabilities and accruals	5,737	5,268
Total short-term liabilities	**191,746**	**161,335**
Total equity and liabilities	**1,597,026**	**1,456,857**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

	2015	2014
Company result	(18,984)	(15,169)
Result from participations in group companies	84,455	46,875
Result	**65,471**	**31,706**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL INFORMATION

The company profit and loss account has been shown in abbreviated form pursuant to Article 402 of Book 2 of the Dutch Civil Code.
The company financial statements are part of the 2015 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 Dutch Civil Code. The list as referred to in this article has been filed with the offices of the trade register in Rotterdam.
The Company has issued certificates of guarantee for a number of group companies in accordance with Article 403 of Book 2 of the Dutch Civil Code.

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 Dutch Civil Code.
In the preparation of the company financial statements, the provisions of Article 362 (8) of Book 2 of the Dutch 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.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

The Company heads a tax group for the purposes of Dutch corporate income tax and a tax group for the purposes of value added tax and is consequently jointly and severally liable for the tax equity and liabilities of the tax entities as a whole.

PROPERTY IN OPERATION	2015	2014
Balance as at 1 January	7,878	10,471
Disposals	-	(3,225)
Value movements	492	632
Balance as at 31 December	**8,370**	**7,878**
Accrued assets in respect of lease incentives	-	42
Appraisal value as at 31 December	**8,370**	**7,920**

PARTICIPATIONS IN GROUP COMPANIES	2015	2014
Balance as at 1 January	1,405,817	1,186,463
Acquisitions and capital contributions	47,500	207,008
Repayment of capital	(69,169)	-
Share in result	84,455	46,875
Share in other comprehensive income	917	1,171
Payments received	(58,358)	(8,799)
Disposals	-	(26,930)
Other movements	-	29
Balance as at 31 December	**1,411,162**	**1,405,817**

As at 31 December 2015, Vastned together with its subsidiaries, held 3,325,960 Vastned Retail Belgium shares (31 December 2014: 3,325,960 shares). The net asset value per share on 31 December 2015 was € 48.14 (31 December 2014: € 47.81 per share).

The share price of Vastned Retail Belgium shares on 31 December 2015 was € 55.97 (31 December 2014: € 57.97 per share).

EQUITY	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 1 January 2014	95,183	468,555	(15,180)	(3,870)	378,232	(46,827)	(91,176)	784,917
Result	-	-	-	-	-	-	31,706	31,706
Remeasurement of defined benefit obligation	-	-	-	-	-	(2,639)	-	(2,639)
Value movements in financial derivatives	-	-	5,557	-	-	-	-	5,557
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	3,932	-	-	-	-	3,932
Translation differences on net investments	-	-	-	(418)	-	-	-	(418)
Reclassification	-	-	-	(1,440)	-	1,440	-	-
Equity component convertible bond	-	4,085	-	-	-	-	-	4,085
Final dividend for previous financial year in cash	-	-	-	-	-	-	(31,030)	(31,030)
2014 interim dividend in cash	-	-	-	-	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	-	(122,206)	122,206	-
Allocation to revaluation reserve	-	-	-	-	(3,070)	3,070	-	-
Balance as at 31 December 2014	**95,183**	**472,640**	**(5,691)**	**(5,728)**	**375,162**	**(181,059)**	**31,706**	**782,213**
Result	-	-	-	-	-	-	65,471	65,471
Remeasurement of defined benefit obligation	-	-	-	-	-	780	-	780
Value movements in financial derivatives	-	-	1,628	-	-	-	-	1,628
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	4,812	-	-	-	-	4,812
Reclassification	-	-	(133)	-	-	133	-	-
Final dividend for previous financial year in cash	-	-	-	-	-	-	(24,177)	(24,177)
2015 interim dividend in cash	-	-	-	-	-	(14,087)	-	(14,087)
Contribution from profit appropriation	-	-	-	-	-	7,529	(7,529)	-
Allocation to revaluation reserve	-	-	-	-	22,811	(22,811)	-	-
Balance as at 31 December 2015	**95,183**	**472,640**	**616**	**(5,728)**	**397,973**	**(209,515)**	**65,471**	**816,640**

The authorised share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.

The legal reserves comprise the Hedging reserve in respect of financial derivatives, the Translation reserve and the Revaluation reserve.

LONG-TERM INTEREST-BEARING LOANS

	2015				2014			
	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)]	290,912	75,000	365,912	3.25	129,664	226,000	355,664	4.24
• floating interest rate	221,348	-	221,348	1.58	34,215	122,500	156,715	1.96
	512,260	**75,000**	**587,260**	**2.62**	**163,879**	**348,500**	**512,379**	**3.54**

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 met these conditions as of 31 December 2015.

The part of the long-term interest-bearing loans due within one year, which is recognised under short-term equity and liabilities, amounts to nil (2014: € 15.0 million).

The convertible bond below is included in the Long-term interest-bearing loans:

Year of issue	Term	Nominal value	Interest rate	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 44.16	2,490,942

The average term of the long-term interest-bearing loans was 4.0 years (2014: 5.1).

FINANCIAL DERIVATIVES

	2015		2014	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	-	1,278	722	7,499

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2015		2014	
	Fair value interest rate derivatives	Carrying amounts	Fair value interest rate derivatives	Carrying amounts
Interest rate swaps < 1 year	-	-	(107)	25,000
Interest rate swaps 1-2 years	-	-	(1,837)	31,000
Interest rate swaps 2-5 years	(542)	60,000	(4,833)	60,000
Interest rate swaps > 5 years	(736)	75,000	-	-
	(1,278)	135,000	(6,777)	116,000

PAYABLE TO BANKS

The Company has a facility involving a compensable system used by the Company and its Dutch subsidiaries. This implies that the current account balances at the level of the Company will determine the interest expense and the resulting interest benefit (2015: € 2.1 million) attributable to the Company.

APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The Company financial statements were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 8 March 2016.

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 paid-up and called capital augmented by 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.

PROFIT APPROPRIATION

The Board of Management proposes to distribute the result as follows (x € 1,000):

Result attributable to Vastned Retail shareholders	65,471
To be added to the reserves	(16,282)
Available for dividend payment	**49,189**
Distributed earlier as interim dividend	(14,087)
Available for final dividend payment	**35,102**

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 Dutch Corporation Tax Act, the Board of Management proposes that a final dividend of € 1.31 per share in cash be paid out for the 2015 financial year.

EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the consolidated financial statements have taken place since the balance sheet date.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders and the Supervisory Board of Vastned Retail N.V.

REPORT ON THE FINANCIAL STATEMENTS 2015

OUR OPINION

We have audited the financial statements 2015 of Vastned Retail N.V. in Rotterdam. The financial statements comprise the consolidated and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2015 and of the result and the cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") and with Part 9 Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2015 and of the result for 2014 in accordance with Part 9 Book 2 of the Dutch Civil Code.

WHAT WE HAVE AUDITED

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2015.
2. The following statements over 2015:
   - the consolidated profit and loss account
   - the consolidated statement of the aggregate result, the consolidated statement of the movements in shareholders' equity
   - the consolidated cash flow statement.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet 31 December 2015.
2. The company profit and loss account over 2015.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

BASIS OF OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities in this respect are set out in the section **OUR RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AUDIT.**

We are independent of Vastned Retail N.V. as required under the Regulation on Auditor Independence in Assurance Engagements ["Verordening inzake de onafhankelijkheid of accountants" – ViO] and other independence requirements in the Netherlands relevant to the engagement. Furthermore, we have complied with the Regulation Code of Conduct and Professional Practice Auditors ["Verordening gedrags- en beroepsregels accountants" – VGBA].

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

OUR AUDIT APPROACH

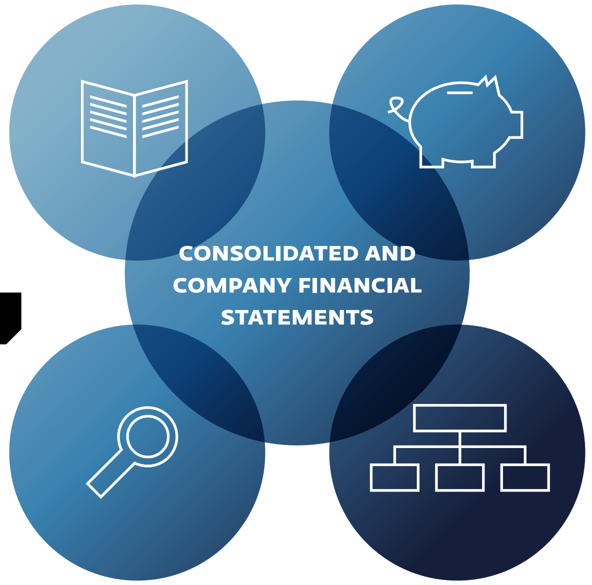
REPORT OF THE BOARD

Prepared in accordance with the Dutch Civil Code

Consistent with the financial statements

MATERIALITY

We have determined the materiality for the financial statements at € 27 million (2014: € 23 million). We have applied a materiality of € 2.4 million for the financial statement items that influence the direct result (2014: € 2.2 million).



KEY AUDIT MATTERS

Valuation of the investment property

Accounting for acquisitions and disposals

Compliance with loan covenants

Meeting conditions for fiscal investment institution

SCOPE

Deloitte has audited virtually all of the consolidated subsidiaries (98%)

As part of the audit we have determined the materiality and used this to estimate the risks of a material misstatement in the financial statements. We have specifically assessed items whose subjectivity is relatively high, i.e., where estimates involving uncertain future developments play a role. We have likewise specifically taken account of the risk of management overriding internal controls and the risk of material misstatements due to fraud. In addition, we have explicitly involved the continuity and reliability of the automated data processing in our audit.

MATERIALITY

Misstatements may arise due to fraud or errors. They are considered to be 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. Materiality influences the nature, timing and scope of our audit procedures and the evaluation of the impact of identified misstatements on our opinion.

Based on our professional judgment we have determined the materiality for the financial statements as a whole at EUR 27 million. Materiality is based on 3% of shareholders' equity. We have applied a materiality of EUR 2.4 million for the financial statement items that influence the direct result. This is based on 5% of the expected direct result. We also take into account misstatements and/or possible misstatements that in our judgment are material for qualitative reasons for the users of the financial statements.

MATERIALITY STATEMENT

Materiality for the financial statements as a whole	€ 27 million
Basis for the materiality	3% of the shareholders' equity
Reporting tolerance for misstatements identified	€ 1.35 million
Materiality for financial statement items influencing the direct result	€ 2.4 million
Basis for the materiality	5% of the direct result expected
Reporting tolerance for misstatements identified	€ 120,000

We have agreed with the Supervisory Board that we would report to them misstatements in excess of the reporting tolerances referred to above, as well as minor misstatements that are relevant in our view, for qualitative reasons.

SCOPE OF THE GROUP AUDIT

Vastned Retail N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of Vastned Retail N.V.

Considering our responsibility for the opinion on the financial statements, we are responsible for managing, supervising, and performing the group audit. As part of this responsibility we determined the nature and scope of the procedures to be performed for the group components. Relevant factors we considered in this respect are the scope and/or the risk profiles of the group components. Based on this we selected the group components for which an audit or a review of the full financial information or specific items was necessary.

We performed the audit procedures with the Dutch country organization. We engaged other auditors for three organizations abroad (Belgium, France and Turkey). Together with the Dutch country organization they represent 98% of the rental income, 98% of the direct result and 99% of the investment property. We have performed review procedures or agreed-upon audit procedures with other components.

AUDIT COVERAGE

Audit coverage rental income	98%
Audit coverage direct result	98%
Audit coverage investment property	99%

The above procedures performed with (the components of) the group, combined with additional procedures at group level, have provided us with sufficient and appropriate audit information on the financial information of the group to provide an opinion on the consolidated financial statements.

THE KEY AUDIT MATTERS FOR OUR AUDIT

The key audit matters for our audit of the financial statements 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, but they are not a comprehensive reflection of all matters discussed. We have addressed these key audit matters in the context of our audit of the financial statements as a whole. Our findings on the individual audit matters are as follows.

DESCRIPTION OF THE KEY AUDIT MATTER	HOW WE HAVE AUDITED THIS KEY AUDIT MATTER
VALUATION OF THE INVESTMENT PROPERTY The valuation of investment properties contains an inherent estimation uncertainty and is dependent on estimates around key assumptions like the discount factor and/or net initial yield for a property.	• Based on the underlying external appraisal reports we have verified the valuation of Vastned Retail N.V.'s investment properties. We have reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers. • We have critically reviewed relevant assumptions and recent retail sector developments influencing the fair value and discussed these with the external appraisers and the responsible portfolio managers. We have additionally engaged internal property experts to review a selection of the investment property. • We have performed an additional test on the reliability of the estimation by comparing the valuation with the net sales proceeds realised upon disposal and by analysing any differences.
ACCOUNTING FOR THE ACQUISITION AND DISPOSAL OF INVESTMENT PROPERTIES Considering the specific reporting requirements and the transition of the Vastned portfolio, we have performed specific audit procedures on the accounting for the acquisition and disposal of investment properties.	• Based on the underlying procurement contracts, deeds of transfer and proposals for disposals, we have audited the accounting for the acquisition and disposal of investment properties. In addition, we have established the correctness of the authorization for each of the transactions.
FINANCING AND COMPLIANCE WITH THE LOAN COVENANTS Considering the scope and the significance of the financing we have specifically focused on compliance with covenants according to the contract conditions for these financings.	• Based on the contracts and the financial information as at year-end 2015, we have reviewed the underlying calculation for the covenants.

MEETING CONDITIONS FOR FISCAL INVESTMENT INSTITUTION
In accordance with facilities available under tax law for investment institutions in a number of countries, the tax rate in those countries is 0%. We have reviewed how Vastned meets these conditions.
	• We have reviewed the report of Vastned's internal tax expert. To do so, we have focused on the following core conditions for application of the tax regime for investment institutions:
	  • Shareholders test
	  • Activities test
	  • Leverage requirements
	  • Distribution requirement
	Our tax experts have performed an in-depth analysis of the compliance with these tax conditions in the various countries.

RESPONSIBILITIES OF THE MANAGEMENT OF THE COMPANY AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS EU and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Dutch Civil Code and for such internal control the management of the company determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of the company is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management of the company should prepare the financial statements using the going concern basis of accounting unless the management of the company either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The management of the company 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 responsibility is to plan and perform the audit 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 makes it possible that we did not detect all errors or frauds.

We have exercised professional judgment and have maintained professional scepticism 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 the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 controls that we identify during our audit.

We confirm to the Supervisory Board that we have complied with relevant ethical requirements regarding independence and communicate to 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 our key audit matters. We describe these key audit matters in our auditor's report unless prohibited by legislation and regulations or when, in extremely rare circumstances, not communicating the matters is in the public interest.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

STATEMENT ON THE REPORT OF THE BOARD OF MANAGEMENT AND THE OTHER INFORMATION

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the report of the board of management and the other information:

- we have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the other information as required by Part 9 of Book 2 has been annexed; and
- we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements.

APPOINTMENT

We have been appointed by the Supervisory Board as auditor of Vastned Retail N.V. as from the audit of the financial year 2002 and have been the external auditor ever since that date.

Rotterdam, 8 March 2016

Deloitte Accountants B.V.

Signed on the original:
Drs. D.A. Sonneveldt RA

9

2015 REMUNERATION REPORT

REMUNERATION REPORT 2015

This 2015 remuneration report has three parts. The first part outlines the new remuneration policy as approved by the Annual General Meeting of 25 April 2015. The second part contains information on the remuneration granted to the members of the Executive Board in 2015. The third part contains information on the remuneration granted to the members of the Supervisory Board in 2015.

1 NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD

The Annual General Meeting of 25 April 2015 adopted an entirely new remuneration policy for the Executive Board of Vastned. This new policy took effect on 1 January 2015 and is based on the following principles:

- Preparation of a clear and transparent remuneration policy that complies with the most recent (also international) corporate governance insights. Vastned has the ambition also in this respect to compete with the European 'best in class' companies.
- Bringing the remuneration policy in line with Vastned's strategy aimed at obtaining more predictable and stable results.
- Further strengthening of the relationship between the Executive Board's performance and its remuneration.
- Bringing the interests of the members of the Executive Board in line with those of the shareholders by further encouraging long-term shareholding.
- Being able to attract, motivate and retain Executive Board members of the highest quality.

For the determination of the total remuneration, a new employment market reference group has been defined that matches Vastned's present strategic focus, complexity and ambition. At the start of the new policy this group of companies comprised the following fourteen European listed property companies (the 'Labour Market Reference Group').

- ANF Immobilier SA
- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialys SA
- NSI NV
- Shaftesbury PLC
- Sponda Oyj
- Wereldhave NV

The total remuneration for the Executive Board in 2014 was compared to this Labour Market Reference Group. As a double fairness test, the findings of this comparison were also compared with all the companies in the AMX index and with a group of fourteen Dutch companies of similar complexity and size. The determination of the total remuneration of the Executive Board also takes account of its impact on the remuneration ratios within the Company. Based on this comparison and the double fairness test, the remuneration levels were adjusted with effect as of 2015. The basic salary was set around the median of the Labour Market Reference Group and the total remuneration around the 25 percentile point. Given the size of Vastned in comparison with the Labour Market Reference Group, this is the relevant percentile for the Executive Board.

ELEMENTS OF TOTAL REMUNERATION

The Executive Board's total remuneration comprises the following five elements:

1. fixed remuneration
2. short-term variable remuneration
3. long-term variable remuneration
4. pension
5. other remuneration components

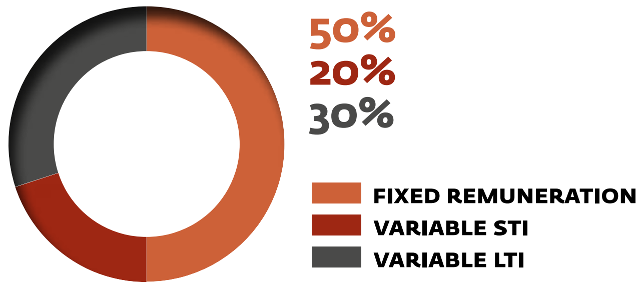
Fixed remuneration

The fixed remuneration for the Executive Board is tested annually against the previously mentioned Labour Market Reference Group, and is set in principle for twelve months. The fixed remuneration includes 8% holiday pay and is paid monthly in cash. Of the fixed salary € 100,000 is pensionable (reference date 1 January 2015): any variable remuneration is not pensionable.

Variable remuneration

The total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration will be comprised of 40% short-term variable remuneration and 60% long-term variable remuneration.

Performance related part of remuneration



Short-term variable remuneration

Every financial year, members of the Executive Board are eligible for a short-term variable remuneration (Short-term Incentive or 'STI'). The STI ranges from 0% to a maximum of 40% of the fixed remuneration.

Vastned's strategy has a clear focus on more predictable and stable results. In support of this strategy, the STI comprises four challenging targets, each of which is weighted 25%. Three of these are financial and objectively measurable, and one contains a qualitative criterion. The three financial STI targets have a 'threshold', an 'at target' and a 'maximum' award. The qualitative STI target is determined individually for each member of the Executive Board, and its achievement is evaluated by the Supervisory Board.

The STI targets are set annually in advance by the Supervisory Board based on the operational and strategic ambitions of the company as laid down in the business plan. In view of their market sensitivity, Vastned does not disclose the STI targets in advance. After the conclusion of the relevant financial year, an explanation is given in the remuneration report of the STI targets set and of the degree to which they have been realised.

The STI is paid in cash after the Annual General Meeting has adopted the annual accounts for the relevant financial year. Members of the Executive Board may use their short-term incentive to purchase Vastned shares until and to the extent that their value does not meet the share-ownership guidelines.

Long-term variable remuneration

Every year, members of the Executive Board are eligible for a long-term variable remuneration (Long-term Incentive or 'LTI'). The LTI varies from 0% up to a maximum of 60% of the fixed remuneration, and in each case refers to a three-year period. The LTI scheme has the following three elements.

1. A Relative Total Shareholder Return ('RTSR') test (50%)
2. An Absolute Total Shareholder Return ('RTSR') test (30%)
3. A Business Health test (20%)

The long-term variable remuneration aims to further align the interests of the members of the Executive Board with shareholders' interests. The Executive Board is obliged based on a procedure adopted by Vastned to use their cash incentive payment under the LTI scheme to purchase Vastned shares, until the share ownership guidelines are complied with.

Relative Total Shareholder Return test

The RTSR test sets 50% of the total LTI remuneration. The RTSR is measured by calculating the total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years. The calculation is based on the average share price in the three months before the start of the performance period and three months at the end of the performance period. This total shareholder return is then compared to a peer group of direct competitors. The ranking on total shareholder return within this peer group determines a possible granting of the RTSR-based LTI.

The peer group for the RTSR test is largely similar to the Labour Market Reference Group, and consists of the following thirteen companies, whereby Vastned has set itself the goal to compete with 'best in class' companies in its sector:

- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialys SA
- Shaftesbury PLC
- Unibail-Rodamco SE
- Vastned Retail NV
- Wereldhave NV

The Supervisory Board has, in the event of developments within this reference group, powers to adjust this group to keep it relevant within the framework of this remuneration policy.

RTSR award
The 50% LTI incentive, based on the RTSR-test will be awarded based on Vastned's ranking within the reference group, on the basis of total shareholder return of the Vastned share at the end of the three-year performance period, in accordance with the following scale:

Ranking	RTSR Award
1	100%
2	86%
3	72%
4	58%
5	44%
6	30%
7-13	0%

The realisation of this LTI performance target will be validated by an external party and audited by the external auditor.

Absolute Total Shareholder Return test
The ATSR test sets 30% of the total LTI remuneration. The ATSR is measured by calculating the total shareholder return of the Vastned share over a period of three financial years.

ATSR Award
The 30% LTI remuneration based on the ATSR test is determined based on a range whereby at an ATSR of below 45% over the three-year period no ATSR-linked LTI is awarded. An ATSR of 60% over this period results in an 'at target' realisation of the ATSR test and a realisation of 75% ATSR results in a full LTI award. The ATSR awarded between the threshold and the maximum is determined on a pro rata basis. The realisation of this ATSR test target will be validated by an external party and audited by the external auditor.

Business Health Test
The business health test determines 20% of the total LTI incentive. The purpose of this test is to encourage that shortterm incentives are not predominant in determining the policy and that the Board is encouraged to keep the long-term strategy in mind at all times.
As a starting point in the evaluation of this test, the impact of the annual STI targets over a period of three years will be measured. In addition, other, non-fi nancial performance indicators will considered. This could for example include strategic leadership, 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility.
After the conclusion of the relevant financial year, the realisation of the Business Health test will be described in the corresponding remuneration report.

SHARE OWNERSHIP GUIDELINES
One of the objectives of the remuneration policy is to align long-term shareholder interests with those of the Executive Board by promoting shareholding. Accordingly, the Executive Board must build up a position in Vastned shares that is equal in value to 300% of the most recently defined fixed remuneration in the case of the CEO and 150% in the case of the CFO. The minimum shareholding must in principle be built up over a maximum term of five calendar years. The Supervisory Board regularly checks whether this build-up period is reasonable and fair.

Members of the Executive Board may use the short-term incentive awarded to them to purchase Vastned shares until and to the extent that they do not meet the share-ownership guidelines within the term of five calendar years.

The long-term variable remuneration must be used to purchase Vastned shares based on a procedure defined by Vastned until the share ownership guidelines are complied with. This procedure can be inspected on Vastned's website. When the minimum shareholding is reached, it must be maintained for the duration of the member's employment with Vastned.

Position at year-end 2015
As at year-end 2015, at a closing price of € 42.35, Taco de Groot (CEO) with 51,051 shares and 491%, met the minimum shareholding requirement of at least 300% of his fixed remuneration. Reinier Walta (CFO) 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 2015, Reinier Walta had not yet acquired any shares in Vastned, but he intends to use part of his STIs for 2015 to build up a position in Vastned at an accelerated rate.

POLICY IN CASE OF TAKEOVER
In the event of a takeover of Vastned, the settlement of the variable remuneration will be determined by the Supervisory Board in compliance with relevant laws and regulations, including legislation on takeover bonuses, on advice from the remuneration and nomination committee. In such a case, the normalised share price will be used in the determination of the share price-linked LTI. This means that when due to a takeover the price of a Vastned share rises for example from fifth to first place in the ranking, the Supervisory Board will use the normalised share price before the takeover offer, not the top ranking. In case of a takeover, the LTI will also be settled pro rata, unless this should yield unfair results for the Company or the Executive Board.

At the time of publication of this remuneration report CEO Taco de Groot already held 51,051 Vastned shares, which he purchased from his own means, at his own initiative and at his own risk. These shares are not subject to the 'takeover bonus legislation' in Article 2:135, paragraph 7 of the Dutch Civil Code. For the coming years, Vastned will explicitly disclose in its reporting the difference between Taco de Groot's shareholding acquired from his own means and his shareholding acquired from means received under the new remuneration policy.

POLICY FOR EARLY TERMINATION OF AN EMPLOYMENT AGREEMENT
In the event of early termination of the employment agreement with a member of the Executive Board, the Supervisory Board will resolve, taking account of the manner and the circumstances in which the termination occurred, whether, and if so to what extent, the LTI granted conditionally to the board member in question will be awarded.

MALUS AND CLAW-BACK
There may be special circumstances that prevent awarding of both the short-term and long-term variable remuneration ('malus'). In such cases, the Supervisory Board may use its power to withhold the variable remuneration. Next to circumstances specific to Vastned, external factors such as new laws and regulations or social developments may provide grounds for such a decision. The applicable law states that if an LTI is awarded wrongly when it later appears the award was based on incorrect information, it can be claimed back ('claw-back').

PENSION

The members of the Executive Board may choose to participate in Vastned's pension plan, or receive a pension compensation in cash. The pension compensation in cash and pension contributions in the context of a pension plan do not count towards the level of the short-term or long-term variable remuneration. The main elements of Vastned's pension plan as at 1 January 2015 are:

- the pension plan is a career average scheme, in which the annual pensionable salary is limited by law to € 100,000 as of 1 January 2015
- the accrual rate is 1.875% per service year
- the survivors' pension is based on 70% of the lifelong old-age pension
- the annual pension contributions up to € 100,000 as well as the pension contributions in cash are at Vastned's expense.

The remuneration and nomination committee will annually evaluate whether the pension plan for the Executive Board is in line with the total employment benefits package.

OTHER REMUNERATION COMPONENTS

Company car

A company car including fuel costs, insurance, road tax etc. is provided as part of the benefits package of the members of the Executive Board.

Other reimbursements

Members of the Executive Board are eligible for customary payments and allowances such as additional health insurance, mobile phone, tablet, compensation for internet costs, sick leave, paid leave, etcetera. Travel and accommodation expenses incurred in the performance of the employment contract are reimbursed. Reimbursement of legal costs is subject to prior approval from the Supervisory Board. The expenses of the Executive Board are evaluated and approved quarterly by the remuneration and nomination committee.

EMPLOYMENT AGREEMENTS OF THE EXECUTIVE BOARD

Duration of the agreement

The Annual General Meeting of 25 April 2015 reappointed Taco de Groot for a four-year term, taking effect on 25 November 2011. The Extraordinary General Meeting of 28 November 2014 appointed Reinier Walta for a four-year term, taking effect on 1 November 2014. Concerning members of the Executive Board, the Company must observe a notice period of six months, the members themselves three months.

Non-competition clause and non-solicitation clause

The employment agreement or agreement for services contains a non-competition/confidentiality clause, a non-solicitation clause and a clause prohibiting taking over Vastned employees, with a duration sufficient to protect Vastned's interests.

Dismissal payments

Dismissal payments are limited to twelve months of the fixed remuneration. Taco de Groot's and Reinier Walta's employment agreements comply with the Dutch Corporate Governance Code.

Loans, guarantees and similar

Vastned does not provide loans or guarantees to members of the Executive Board.

Scenario analysis

The Code requires that the Supervisory Board analyses the possible outcomes of the variable remuneration components and their impact on the Executive Board's total remuneration. This analysis is conducted at least once every three years.

Cases not covered by the remuneration policy

In cases not covered by the remuneration policy, the Supervisory Board decides. Any decision must match the principles and intent of the remuneration policy as closely as possible. Where necessary, the Supervisory Board will inform the Annual General Meeting.

2 REMUNERATION OF THE EXECUTIVE BOARD IN 2015

VOTING RESULT ON NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD

On 25 April 2015, the Annual General Meeting adopted the new remuneration policy for the Executive Board, with the following votes:

Votes	Number	Percentage
In favour	10,040,363	98.8%
Against	125,119	1.2%
Total votes	10,165,482 [1]	100%
Abstentions	31,223	

1) This number is the total number of votes for and against, abstentions not included

FIXED REMUNERATION 2015

Based on the new remuneration set out above, the Annual General Meeting of Shareholders determined the fixed remuneration of the members of the Executive Board (excluding employer's social security contributions) with retroactive effect as of 1 Janaury 2015 as follows:

Fixed remuneration	2015	2014	Change in %
Taco de Groot	440,000	375,000	17.3%
Reinier Walta	245,000	245,000	0%

It has been agreed with Reinier Walta that he will be able to rise to a fixed remuneration over a period of three calendar years starting on 1 January 2015 of € 308,000 or in case of an adjustment of the CEO's fixed remuneration, up to at least 70% of the CEO's fixed remuneration.

VARIABLE REMUNERATION IN 2015

Short-Term Incentives for 2015

Both members of the Executive Board have been set the same quantitative targets, as well as an individual qualitative target. The three common quantitative targets are outlined below, including their realisation.

STI targets 2015 and realisation	Threshold	Maximum	Realisation
End of 2015 65% premium city high street shops within total real estate portfolio (at target, 20% awarded)	63%, 15% awarded	67%, 25% awarded	25.0%
End of 2015 like-for-like rental growth for the premium city high street shops of 2% (at target, 20% awarded)	1%, 15% awarded	3%, 25% awarded	19.0%
End of 2015 at least € 100 million acquisitions in new premium city high street shops (at target, 20% awarded).	€ 80 million, 15% awarded	€ 120 million, 25% awarded	25.0%

The fourth, qualitative STI target for the CFO was to draw up and implement a risk and control framework for the entire Vastned organisation: this target was realised at 25%. The fourth, qualitative STI target for the CEO is not disclosed due to its market sensitivity: this target was achieved at 12.5%.

Buy-off of LTI scheme 2013 and 2014 of Taco de Groot (CEO)

With the adoption of the new remuneration policy in 2015, the preceding remuneration policy was cancelled. However, this remuneration policy included two three-year terms for Taco de Groot's variable long-term remuneration for the 2013 and 2014 financial years, which were to run out in 2015 and 2016 respectively. Upon adoption of the new remuneration policy, the variable long-term remuneration for 2013 and 2014 were bought off (also in order to prevent double counting under the new policy) for € 62,500, using the same system previously applied to former CFO Tom de Witte. As a result, as of 1 January 2015 both Reinier Walta and Taco de Groot are fully subject to the same remuneration policy.

Long-term Incentives for 2015

The maximum LTI Taco de Groot and Reinier Walta could achieve for 2015 were € 440,000 and € 245,000 respectively. 2015 is the first year of the three-year period over which the LTI for 2015 is determined. Based on the position at year-end 2015, no LTI linked to RTSR is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2015, no ATSR is payable, and the level of realisation of the Business Health tests cannot yet be determined. In view of the above, no LTI for 2015 has been recognised in the 2015 financial statements.

PENSION 2015

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 Taco de Groot's is a defined-contribution scheme. The expected retirement age of Taco de Groot and Reinier Walta is 67 years. The schemes include a partner's pension and an invalidity pension.

Pension compensation for Reinier Walta (CFO)

As of 1 January 2015, the tax relief on pension accrual has been restricted by new legislation, and is now accrued only on the fixed salary with a maximum of € 100,000, while in the past it was unlimited. Reinier Walta participates in Vastned's pension scheme. The company has agreed with Reinier Walta that he will receive a compensation for this change in legislation, equaling the amount of pension accrual that Vastned does not has to pay sinee this new legislation is in force. The same scheme has been agreed with other Vastned employees. The difference between the pension contribution that was payable at year-end 2014 on the full fixed salary of € 245,000 being € 41,650 the pension contribution that was payable as at 1 January 2015 on € 100,000 being € 22,650, will be paid out to him in monthly instalments. This pension compensation does not qualify as part of the fixed remuneration.

LOANS 2015

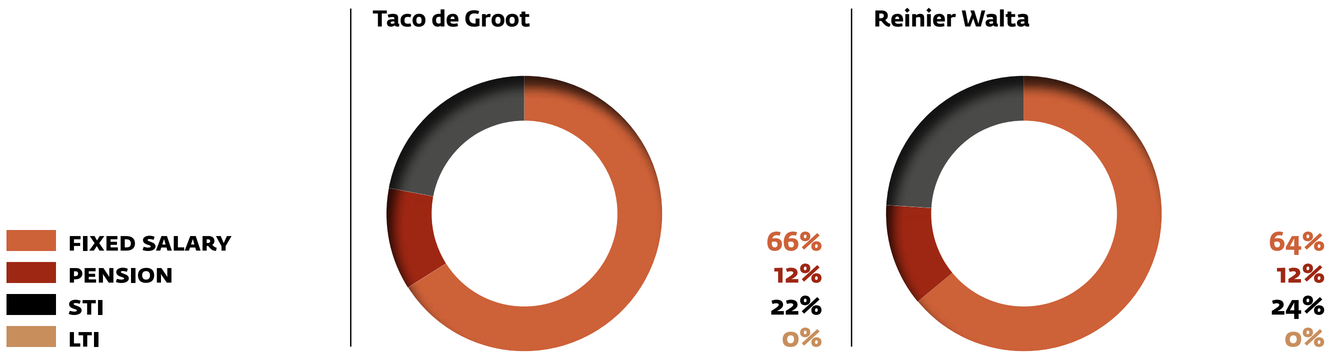
Vastned did not provide any loans or guarantees to members of the Executive Board in 2015.

OVERVIEW OF THE REMUNERATION OF THE EXECUTIVE BOARD

The table below presents the remuneration awarded to the Executive Board in 2015 (fee in € 1).

Name	Fixed salary 1)	Pension 2)	STI	LTI	Total
Taco de Groot (CEO)	440,000	80,820	143,440	-	664,260
Reinier Walta (CFO)	245,000	45,643	92,120	-	382,763
Total	**685,000**	**126,463**	**235,560**	**-**	**1,047,023**

1) excluding social charges.
2) this concerns pension costs and (partner) disability insurance.



The Supervisory Board has not availed itself of the right to adjust or reclaim the bonuses awarded to the Executive Board for the 2014 reporting year.

3 REMUNERATION OF THE SUPERVISORY BOARD

VOTING RESULT ON THE REMUNERATION OF THE SUPERVISORY BOARD

On 25 April 2015, the Annual General Meeting adopted the new remuneration policy for the Supervisory Board, with the following votes:

Votes	Number	Percentage
In favour	10,194,516	100.0%
Against	163	0%
Total votes	10,194,679 [1]	100%
Abstentions	2,026	

1) This number is the total number of votes for and against, abstentions not included

REMUNERATION OF THE SUPERVISORY BOARD

The present remuneration of the members of the Supervisory Board and its committees was adopted in the Annual General Meeting of shareholders of 4 April 2012.

Chairman	€ 38,000
Vice-chairman	€ 30,000
Member	€ 30,000

- Supplementary fee for membership of remuneration committee € 3,000
- Supplementary fee for membership of audit committee € 4,000
- All members also receive a fixed expense allowance or travel and accommodation of € 1,250 per year, excluding turnover tax.

The Supervisory Board benchmarked the remuneration of its members against those of peer companies at the end of 2015. This revealed that the remuneration of the chairman and the supplement for membership of the remuneration committee are below those of similar companies. In order to bring the remuneration more in line with the market, the Annual General Meeting of 25 April 2015 adopted the following amounts:

Chairman	€ 42,000
Vice-chairman	€ 30,000
Member	€ 30,000

- Supplemental fee for membership of combined remuneration and nomination committee € 4,000
- Supplementary fee for membership of audit and compliance committee € 4,000
- All members also receive a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding turnover tax.

OVERVIEW OF THE REMUNERATION GRANTED TO THE SUPERVISORY BOARD IN 2015

The table below presents the remuneration awarded to the Supervisory Board in 2015 (fee in € 1).

Name	Supervisory Board	Audit and compliance committee	Remuneration and nomination committee	Expense allowance	Total
Wouter J, Kolff	42,000	-	-	1,250	43,250
Pieter M, Verboom	9,288	1,238	1,238	387	12,151
Marc C, van Gelder	20,712	-	2,762	863	24,337
Jeroen B,J,M, Hunfeld	30,000	4,000	-	1,250	35,250
Charlotte M, Insinger	20,712	2,762	-	863	24,337
Marieke Bax	30,000	-	4,000	1,250	35,250
Total 2015	**152,712**	**8,000**	**8,000**	**5,863**	**174,575**

10

PROPERTY PORTFOLIO

PROPERTY IN OPERATION

THE NETHERLANDS

City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
ALMELO							
Grotestraat 32 / Hof van Gülick 10		High street shop	1993	1920	210	1	1
Grotestraat 36		High street shop	1996	1920	430	1	-
Grotestraat 83-85		High street shop	1994	1850	255	1	-
Grotestraat 97a / Koornmarkt 3-5 and 9-11 / Werfstraat 1		High street shop	1993	1920	1,132	4	-
ALMERE-BUITEN							
Shopping centre Buitenmere		Shopping centre	2012	2012	4,955	17	-
AMERSFOORT							
Langestraat 8		High street shop	1990	1900	409	2	1
Utrechtsestraat 13 / Hellestraat 3		High street shop	2008	1900	97	1	1
AMSTERDAM							
Shopping centre Boven 't IJ	1)	Shopping centre	90/93/07	68/72	9,988	2	-
Ferdinand Bolstraat 65		Premium city high street shop	1989	1883	113	1	3
Ferdinand Bolstraat 79-81		Premium city high street shop	1987	1905	160	1	6
Ferdinand Bolstraat 88		Premium city high street shop	1987	1883	85	1	3
Ferdinand Bolstraat 92 / G. Flinckstraat 118		Premium city high street shop	1987	1882	81	1	6
Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90		Premium city high street shop	1987	1892	194	1	9
Ferdinand Bolstraat 101		Premium city high street shop	1989	1892	118	1	3
Ferdinand Bolstraat 109		Premium city high street shop	1989	1882	76	1	3
Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88		Premium city high street shop	1993	1893	130	1	6
Ferdinand Bolstraat 122		Premium city high street shop	1987	1893	95	1	3
Ferdinand Bolstraat 124		Premium city high street shop	1987	1893	75	1	3
Ferdinand Bolstraat 126		Premium city high street shop	1989	1893	80	1	3
Heiligeweg 37		Premium city high street shop	2014	1907	114	1	-
Heiligeweg 47		Premium city high street shop	1989	1899	60	1	-
Kalverstraat 9		Premium city high street shop	1990	1900	253	1	-
Kalverstraat 11-17 / Rokin 12-16		Premium city high street shop	2015	2014	6,000	3	-
Kalverstraat 132		Premium city high street shop	2014	1894	118	2	-
Kalverstraat 162-164		Premium city high street shop	1988	1800	328	1	-
Kalverstraat 182		Premium city high street shop	1987	1900	95	1	-
Kalverstraat 208		Premium city high street shop	1991	1850	160	1	-
Keizersgracht 504		Premium city high street shop	2012	1686	200	1	1
Leidsestraat 5		Premium city high street shop	1990	1905	380	1	-
Leidsestraat 23		Premium city high street shop	2013	1700	160	1	-
Leidsestraat 46		Premium city high street shop	2012	1900	190	1	-
Leidsestraat 60-62		Premium city high street shop	2014	1750	82	2	2
Leidsestraat 64-66 / Kerkstraat 44		Premium city high street shop	1986	1912	790	3	-
P.C. Hooftstraat 35		Premium city high street shop	2015		225	1	-
P.C. Hooftstraat 37		Premium city high street shop	2015		112	1	-
P.C. Hooftstraat 46-50		Premium city high street shop	2014	1885	684	2	4
P.C. Hooftstraat 49-51		Premium city high street shop	2013	1905	380	1	5
P.C. Hooftstraat 78, 78-I-II-III		Premium city high street shop	2013	1905	465	2	-

1) Land on long lease

City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
Reguliersbreestraat 9 / Amstel 8		Premium city high street shop	1987	1905	277	2	3
Rembrandtplein 7	1)	Premium city high street shop	2007	1897	285	1	1
Van Baerlestraat 86		Premium city high street shop	1994	1800	90	1	2
Van Baerlestraat 108-110		Premium city high street shop	1990	1800	265	2	3
APELDOORN							
Deventerstraat 5		High street shop	1990	1900	363	2	2
Deventerstraat 6		High street shop	1990	1930	70	1	-
Deventerstraat 14 and 14a		High street shop	1994	1900	295	2	-
ARNHEM							
Bakkerstraat 3a and 4 / Wielakkerstraat 8		High street shop	1990	1600	188	1	1
Bakkerstraat 5 and 6 / Wielakkerstraat 10		High street shop	94/14	1950	971	3	-
Koningstraat 12-13 / Beekstraat 105-107 and 108		High street shop	1988	1890	1,052	4	3
Vijzelstraat 24		High street shop	1994	1800	161	1	-
ASSEN							
Gedempte Singel 11-13 / Mulderstraat 8		High street shop	1995	1952	894	3	-
BERGEN OP ZOOM							
Wouwsestraat 48		High street shop	1994	1900	80	1	-
BEVERWIJK							
Nieuwstraat 9 -11 / Breestraat 65		High street shop	1989	1910	2,630	4	-
BILTHOVEN							
Julianalaan 53		High street shop	1997	1930	367	1	-
BOXMEER							
Hoogkoorpassage 14-18 and 22		High street shop	1990	1989	566	5	-
Steenstraat 110 / D'n entrepot		High street shop	1997	1992	135	1	1
BOXTEL							
Stationstraat 18-20		High street shop	1997	1920	750	-	1
BREDA							
Eindstraat 14-16		Premium city high street shop	1988	1924	260	1	-
Ginnekenstraat 3		Premium city high street shop	1994	1985	88	1	-
Ginnekenstraat 19		Premium city high street shop	1993	1980	150	1	-
Ginnekenstraat 80-80a		Premium city high street shop	1998	1905	165	1	1
Grote Markt 29 / Korte Brugstraat 2		Premium city high street shop	1991	1953	102	2	-
Karrestraat 25		Premium city high street shop	1994	1920	268	1	2
Ridderstraat 19		Premium city high street shop	1994	1800	225	1	-
Torenstraat 2 / Korte Brugstraat 14		Premium city high street shop	1992	1953	90	1	-
Veemarktstraat 30		Premium city high street shop	1991	1920	555	1	-
Veemarktstraat 32		Premium city high street shop	1992	1800	70	1	1
BRIELLE							
De Reede 36-50	1)	Shopping centre	1993	1977	1,610	7	-
BRUNSSUM							
Kerkstraat 45 /Schiffelerstraat 1		High street shop	1997	1970	620	2	-
BUSSUM							
Nassaulaan 12 / Nassaustraat 1a and 1g		High street shop	1994	1920	295	1	2
Nassaustraat 12-16		High street shop	1994	1900	181	2	2
Veerstraat 11 and 11d		High street shop	1990	1900	360	2	-

1) Land on long lease

THE NETHERLANDS CONT.

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m^2)	Number of tenants	Number of appartements
COEVORDEN						
Friesestraat 14 / Weeshuisstraat 9	High street shop	1997	1950	203	1	3
CULEMBORG						
Everwijnstraat 6-14 / Markt 53	High street shop	1999	1989	493	6	-
DALFSEN						
Van Bloemendalstraat 6-8 / Wilhelminastraat 5	High street shop	1997	1991	434	1	1
DEDEMSVAART						
Julianastraat 13-19	High street shop	1997	1922	1,190	4	-
DEVENTER						
Lange Bisschopstraat 34	High street shop	1991	1900	278	1	-
Lange Bisschopstraat 50	High street shop	1993	1800	210	1	1
DOETINCHEM						
Dr. Huber Noodstraat 2	High street shop	1997	1968	1,840	4	-
Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	High street shop	1994	1985	310	4	-
Nieuwstad 57-59	Retail warehouse	1988	1988	1,686	2	-
DOORWERTH						
Mozartlaan 52-66 / van der Molenallee 107-125	Shopping centre	1997	2007	3,395	12	-
DORDRECHT						
Voorstraat 262	High street shop	1996	1800	175	1	4
DRACHTEN						
Zuidkade 2	High street shop	1995	1900	150	-	1
EERBEEK						
Stuyvenburchstraat 44	High street shop	1997	1965	350	2	2
EINDHOVEN						
Orionstraat 137-159	Shopping centre	1993	1973	3,102	7	-
Rechtestraat 25	High street shop	1992	1930	100	1	-
Rechtestraat 44-48	High street shop	1988	1966	3,273	2	-
EMMELOORD						
Lange Nering 65	High street shop	1993	1960	275	1	1
ENSCHEDE						
Kalanderstraat 6	High street shop	1993	1950	124	1	-
Langestraat 9-17a / Achter het Hofje 2	High street shop	1987	1930	2,703	8	1
Raadhuisstraat 9	High street shop	1990	1954	289	1	-
GOES						
Lange Kerkstraat 9	High street shop	1994	1920	65	1	-
GOOR						
Grotestraat 57-59 and 63	High street shop	1994	1910	859	2	1
GOUDA						
Hoogstraat 5	High street shop	1988	1900	190	1	-
Kleiweg 77-95	High street shop	1994	1900	1,200	3	5
Kleiweg 103 / Regentesseplantsoen	High street shop	1990	1988	862	1	-
Markt 52	High street shop	1990	1900	284	1	-

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m^2)	Number of tenants	Number of appartements
GRONINGEN						
Brugstraat 2-6 / Schuitemakersstraat 1	High street shop	1995	1905	840	2	-
Dierenriemstraat 198/2	Shopping centre	1993	1992	914	1	-
Herestraat 41	High street shop	1994	1991	243	1	-
Vismarkt 31-31a-c	High street shop	1993	1880	275	1	1
HAAKSBERGEN						
Spoorstraat 45	High street shop	1997	1986	800	1	1
HAARLEM						
Grote Houtstraat 90	High street shop	1988	1850	96	1	-
HARDENBERG						
Fortuinstraat 21	High street shop	1997	1985	300	-	-
Voorstraat 10	High street shop	1997	1930	1,173	1	-
HARDERWIJK						
Markt 14	High street shop	1991	1875	470	1	-
Shopping centre Vuldersbrink	Shopping centre	1998	1978	4,735	11	-
HARLINGEN						
Kleine Bredeplaats 8a-10a / Grote Bredeplaats 26-26b	High street shop	1997	1990	658	-	3
HEERLEN						
In de Cramer 140	Retail warehouse	2007	2007	6,000	1	-
Saroleastraat 38	High street shop	1994	1930	225	1	1
HELMOND						
Veestraat 1	High street shop	1994	1950	240	1	-
Veestraat 39	High street shop	1994	1960	136	1	-
HENGELO						
Molenstraat 4	High street shop	1991	1991	120	1	1
Wegtersweg 4	Retail warehouse	2006	2006	4,622	1	-
'S-HERTOGENBOSCH						
Hinthamerstraat 48	Premium city high street shop	1988	1900	130	1	2
Markt 27	Premium city high street shop	2012	1648	225	1	-
Schapenmarkt 17-19	Premium city high street shop	2014	1930	1,254	1	-
HILVERSUM						
Kerkstraat 55	High street shop	1994	1950	130	1	-
Kerkstraat 87	High street shop	1988	1905	100	-	3
Kerkstraat 91	High street shop	1994	1850	250	1	-
Schoutenstraat 6	High street shop	1987	1923	65	1	-
Schoutenstraat 8	High street shop	1986	1923	122	1	-
HOOGEVEEN						
Hoofdstraat 157	High street shop	1993	1960	75	1	1
HOORN						
Grote Noord 114	High street shop	1996	1912	85	-	-
Grote Noord 118	High street shop	1994	1900	80	1	1
Nieuwsteeg 24	High street shop	1994	1920	134	1	1
HOUTEN						
Onderdoor 3, 11, 13	High street shop	2006	1984	713	4	-
Onderdoor 4, 4a	Overig	2010	2010	2,105	2	-

THE NETHERLANDS CONT.

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m^2)	Number of tenants	Number of appartements
IJSSELSTEIN						
Utrechtsestraat 45	High street shop	2007	2007	595	1	-
Utrechtsestraat 75	High street shop	1990	1911	300	1	-
JOURE						
Midstraat 153 - 163	High street shop	2006	1981	2,519	6	5
LEEK						
Tolberterstraat 3-5	High street shop	1997	1996	575	2	1
LEEUWARDEN						
Ruiterskwartier 127	High street shop	1995	1929	291	1	-
Ruiterskwartier 135	High street shop	1995	1930	70	1	-
Wirdumerdijk 7 / Weaze 16	High street shop	1994	1920	520	2	1
LEIDEN						
Haarlemmerstraat 53	High street shop	1996	1928	85	1	-
Haarlemmerstraat 202 / v.d. Werfstraat 39	High street shop	1994	1928	110	1	1
Haarlemmerstraat 208 / Duizenddraadsteeg 2	High street shop	1993	1928	72	1	1
Haarlemmerstraat 213	High street shop	1990	1928	546	1	-
LELYSTAD						
De Promesse 113, 115, 121, 123, 129 and 135/ Stationsweg 22 and 23	High street shop	'09/12	2009	7,335	8	-
Stadhuisstraat 2 1)	High street shop	1995	1975	470	2	-
Stadhuisplein 75 1)	High street shop	1996	1985	1,632	1	-
MAASTRICHT						
Grote Staat 59	Premium city high street shop	2014	1742	240	1	-
Muntstraat 16-18	Premium city high street shop	1989	1897	135	1	-
Muntstraat 20	Premium city high street shop	1987	1891	110	1	-
Muntstraat 21-23	Premium city high street shop	2014	1920	311	1	-
Wolfstraat 8 / Minckelersstraat 1	Premium city high street shop	1992	1883	789	2	-
Wolfstraat 27 - 29	Premium city high street shop	2013	1752	455	1	1
MEPPEL						
Hoofdstraat 50	High street shop	1990	1980	143	1	-
MIDDELBURG						
Lange Delft 59	High street shop	1991	1850	198	1	-
MIDDELHARNIS						
Westdijk 22-24	High street shop	1997	1990	325	1	-
NIJMEGEN						
Broerstraat 26 / Scheidemakershof 37	High street shop	1993	1960	161	1	1
Broerstraat 70 / Plein 1944 nr. 151	High street shop	1989	1951	1,033	1	-
Plein 1944 nr. 2	High street shop	1988	1957	164	1	1
OOSTERHOUT						
Arendshof 48-52	Shopping centre	2000	1963	349	1	-
Arendstraat 9-11	High street shop	1994	1982	889	3	-
Arendstraat 13	High street shop	1994	1989	440	2	1
OSS						
Heschepad 49-51 / Molenstraat 21-25	High street shop	1986	1983	2,803	3	-

1) Land on long lease

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m^2)	Number of tenants	Number of appartements
RENKUM						
Dorpsstraat 21-23	High street shop	1997	1907	520	2	-
RIDDERKERK						
St. Jorisplein 30	High street shop	1994	1970	478	3	-
ROERMOND						
Schoenmakersstraat 2	High street shop	1994	1900	140	1	-
Steenweg 1 / Schoenmakersstraat 6-18	High street shop	1986	1980	2,283	6	-
ROOSENDAAL						
Nieuwe Markt 51	High street shop	1994	1960	200	1	-
ROTTERDAM						
Keizerswaard 73	Shopping centre	1996	1992	280	1	-
Shopping centre Zuidplein Hoog	Shopping centre	94/95/10	1972	1,315	7	-
SCHIEDAM						
Shopping centre Hof van Spaland 1)	Shopping centre	96/97	70/78	347	2	-
SNEEK						
Oosterdijk 58	High street shop	1996	1940	75	1	-
Schaapmarktplein 4	High street shop	1994	1852	275	1	-
SPIJKENISSE						
Nieuwstraat 118-232	Shopping centre	2010	1981	2,832	17	-
STADSKANAAL						
Navolaan 12	Retail warehouse	1993	1968	2,080	8	-
STEENWIJK						
Oosterstraat 22-26	High street shop	1994	1900	285	1	1
THE HAGUE						
Frederik Hendriklaan 101-103	Premium city high street shop	1989	1995	90	1	3
Frederik Hendriklaan 128 / v. Beuningenstraat 48	Premium city high street shop	1987	1990	125	1	2
Gravenstraat 1	Premium city high street shop	1993	1916	374	3	-
Hoogstraat 27-27a	Premium city high street shop	1986	1916	550	1	-
Korte Poten 10	Premium city high street shop	1989	1916	56	1	-
Korte Poten 13	Premium city high street shop	1990	1916	120	1	2
Korte Poten 42	Premium city high street shop	1987	1900	55	1	4
Lange Poten 7	Premium city high street shop	1989	1937	112	1	-
Lange Poten 21	Premium city high street shop	1989	1916	204	1	2
Noordeinde 9 / Hartogstraat 1	Premium city high street shop	1988	1916	100	1	2
Noordeinde 16-18	Premium city high street shop	1989	1888	530	2	1
Noordeinde 54 / Molenstraat 1	Premium city high street shop	1989	1919	90	1	1
Plaats 17 and 21	Premium city high street shop	1990	1916	415	2	-
Plaats 25	Premium city high street shop	1987	1920	517	1	-
Plein 10	Premium city high street shop	1988	1920	507	1	-
Plein 11	Premium city high street shop	1987	1917	276	1	-
Spuistraat 13	Premium city high street shop	1988	1930	662	1	-
Venestraat 43	Premium city high street shop	1989	1916	115	1	-
Vlamingstraat 43	Premium city high street shop	1995	1916	163	1	-
Wagenstraat 3-5 / Weverplaats	Premium city high street shop	2012	2012	3,176	1	-

1) Land on long lease

THE NETHERLANDS CONT.

City Location		Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
TIEL							
Waterstraat 29 / Kerkstraat 2b		High street shop	1994	1850	70	1	1
Waterstraat 51a		High street shop	1994	1920	65	1	-
TILBURG							
Heuvel 29-31 / J. v. Stolbergstraat 2-6		High street shop	1994	1920	298	3	2
Shopping centre Westermarkt		Shopping centre	93/94/08	61/62/63	7,614	11	-
UDEN							
Marktstraat 32		High street shop	1994	1958	420	1	1
UTRECHT							
Achter Clarenburg 19		Premium city high street shop	1987	1975	91	1	-
Bakkerstraat 16		Premium city high street shop	2013	1900	642	1	2
Choorstraat 13		Premium city high street shop	1987	1900	139	1	1
Lange Elisabethstraat 6		Premium city high street shop	1987	1850	113	1	-
Lange Elisabethstraat 36		Premium city high street shop	1993	1850	188	1	-
Nachtegaalstraat 55		Premium city high street shop	1994	1904	2,116	2	2
Oudegracht 124-128		Premium city high street shop	1990	1930	393	2	2
Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14		Premium city high street shop	1987	1900	2,482	10	5
Oudegracht 153 - 159		Premium city high street shop	1997	1904	1,616	7	2
Oudegracht 161		Premium city high street shop	1997	1900	1,963	4	-
Shopping centre Overvecht	1)	Shopping centre	94/10	1970	5,374	17	-
Steenweg 9 / Choorstraat 9-9bis		Premium city high street shop	1990	1900	578	2	3
Steenweg 22-28		Premium city high street shop	2014	1800	288	4	3
Steenweg 31-33 / Hekelsteeg 7		Premium city high street shop	2013	1450	790	1	1
VEENENDAAL							
Hoofdstraat 25		High street shop	1990	1930	260	1	1
VEGHEL							
Kalverstraat 8-16		High street shop	1993	1988	446	3	3
VENLO							
Lomstraat 30-32		High street shop	1993	1960	465	1	-
Lomstraat 33		High street shop	1994	1970	50	-	-
VENRAY							
Grotestraat 2-4 / Grote Markt 2a-4		High street shop	1986	1946	1,166	3	-
VRIEZENVEEN							
Westeinde 21-29		High street shop	1993	1938	2,611	9	-
WASSENAAR							
Langstraat 188-190		High street shop	1990	1981	290	1	-
WINSCHOTEN							
Langestraat 22 / Venne 109		High street shop	1994	1900	70	1	-
Langestraat 24		High street shop	1991	1960	430	2	-

1) Land on long lease

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
WINTERSWIJK						
Dingstraat 1-3	Retail warehouse	1998	1900	2,335	1	-
Misterstraat 8-10 / Torenstraat 5a and 5c	High street shop	1996	1900	441	1	2
Misterstraat 12 / Torenstraat 5b	High street shop	1991	1939	135	1	1
Misterstraat 14	High street shop	1991	1989	377	2	-
Misterstraat 33	High street shop	1999	1900	550	1	-
Weurden 2-4	High street shop	1998	1977	278	2	3
Wooldstraat 26	High street shop	1999	1900	603	2	-
ZUTPHEN						
Beukerstraat 28	High street shop	1989	1800	296	1	-
Beukerstraat 40	High street shop	1989	1838	335	1	-
ZWIJNDRECHT						
Shopping centre Walburg	Shopping centre	2011	1975	14,174	27	-
ZWOLLE						
Broerenstraat 7	High street shop	1994	1930	66	1	-
Diezerstraat 62	High street shop	1996	1910	95	1	-
Diezerstraat 74 and 74a	High street shop	2012	1800	315	1	1
Diezerstraat 78	High street shop	1990	1832	140	1	-
Kleine A 11-13 / Broerenkerkplein 2 - 6	High street shop	1989	1989	1,050	1	3
Luttekestraat 26 / Ossenmarkt 1a	High street shop	1990	1930	78	1	1
Roggenstraat 6	High street shop	1987	1900	106	1	-
TOTAL PROPERTY IN OPERATION THE NETHERLANDS				190,726	502	194

FRANCE

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
BORDEAUX						
Cours de l'Intendance 12	Premium city high street shop	2011	1900	299	1	-
Cours de l'Intendance 47	Premium city high street shop	2011	1900	262	1	-
Cours de l'Intendance 56	Premium city high street shop	2013	1900	310	1	-
Cours de l'Intendance 58	Premium city high street shop	2013	1900	125	1	-
Cours de l'Intendance 60	Premium city high street shop	2013	1900	508	1	-
Cours de l'Intendance 61	Premium city high street shop	2012	1900	720	2	2
Cours de l'Intendance 62	Premium city high street shop	2013	1900	660	1	-
Cours de l'Intendance 64-66	Premium city high street shop	2013	1900	240	1	-
Cours Georges Clémenceau 12	Premium city high street shop	2011	1900	360	1	2
Rue de la Porte Dijeaux 73	Premium city high street shop	2012	1950	138	1	-
Rue Sainte Catherine 20	Premium city high street shop	2011	1900	592	1	13
Rue Sainte Catherine 27-31	Premium city high street shop	2011	1900	979	4	3
Rue Sainte Catherine 35-37	Premium city high street shop	2011	1900	343	1	-
Rue Sainte Catherine 39	Premium city high street shop	2011	1900	335	1	-
Rue Sainte Catherine 66	Premium city high street shop	2012	1950	158	1	-
Rue Sainte Catherine 131	Premium city high street shop	2012	1900	363	1	-
CANNES						
Rue d'Antibes 40	Premium city high street shop	2000	1950	802	1	-
LILLE						
Place de la Gare 8	Premium city high street shop	2007	1945	156	2	-
Place des Patiniers 1 bis	Premium city high street shop	2007	1900	112	1	-
Place des Patiniers 2	Premium city high street shop	2007	1945	132	1	-
Place du Lion d'Or 9	Premium city high street shop	2007	1870	150	1	-
Place Louise de Bettignies 15-17	Premium city high street shop	2007	1870	352	1	-
Rue Basse 8	Premium city high street shop	2007	1930	148	1	-
Rue de la Grande Chaussée 25	Premium city high street shop	2007	1870	200	1	-
Rue de la Grande Chaussée 29	Premium city high street shop	2007	1870	476	1	1
Rue de la Grande Chaussée 33-35	Premium city high street shop	2007	1870	321	1	-
Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	Premium city high street shop	2007	1870	729	1	4
Rue de la Monnaie 4	Premium city high street shop	2007	1870	103	1	-
Rue de la Monnaie 6	Premium city high street shop	2007	1870	126	1	-
Rue de la Monnaie 6 bis	Premium city high street shop	2007	1870	83	1	-
Rue de la Monnaie 12	Premium city high street shop	2007	1870	168	1	-
Rue de la Monnaie 13	Premium city high street shop	2007	1870	85	1	-
Rue des Chats Bossus 13	Premium city high street shop	2007	1870	454	1	-
Rue des Chats Bossus 21	Premium city high street shop	2007	1870	168	1	-
Rue des Ponts de Comines 30	Premium city high street shop	2007	1945	197	1	-
Rue des Ponts de Comines 32	Premium city high street shop	2007	1945	203	1	-
Rue du Curé Saint-Etienne 6	Premium city high street shop	2007	1950	153	1	-
Rue du Curé Saint-Etienne 17	Premium city high street shop	2007	1870	172	1	-
Rue Faidherbe 28-30	Premium city high street shop	2007	1945	102	1	-
Rue Faidherbe 32-34	Premium city high street shop	2007	1945	598	1	-
Rue Faidherbe 38-44	Premium city high street shop	2007	1945	173	1	-
Rue Faidherbe 48	Premium city high street shop	2007	1945	135	1	-
Rue Faidherbe 50	Premium city high street shop	2007	2015	235	1	-
Rue Faidherbe 54	Premium city high street shop	2007	2015	139	1	-
LIMOGES						
Centre Commercial Beaubreuil	Shopping centre	2001	1980	4,293	10	-
Centre Commercial Limoges Corgnac	Shopping centre	2007	2006	5,277	12	-
LYON						
Rue Édouard Herriot 70	Premium city high street shop	2014	1900	389	2	-
Rue Victor Hugo 5	Premium city high street shop	2001	1950	90	1	-
MARSEILLE						
Rue Saint Ferréol 29	High street shop	2006	1980	248	1	-
NANCY						
Rue Saint-Jean 44-45	High street shop	1998	1990	4,794	5	-
NICE						
Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	Premium city high street shop	2001	1950	362	1	-
PARIS						
Rue d'Alésia 123	Premium city high street shop	2006	1956	420	1	-
Rue de Rivoli 102	Premium city high street shop	2012	1900	1,092	3	-
Rue de Rivoli 118-120	Premium city high street shop	1998	1997	3,831	6	9
Rue des Rosiers 3ter	Premium city high street shop	2015	1900	382	2	-
Rue Montmartre 17	Premium city high street shop	2006	2003	270	1	-
SAINT-ÉTIENNE						
Rue Saint-Jean 27	High street shop	2001	1950	60	1	-
TOTAL PROPERTY IN OPERATION FRANCE				**34,772**	**95**	**34**

BELGIUM 2)

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
AALST						
Albrechtlaan 56 1)	Retail warehouse	2000	> 1980	1,000	1	-
Brusselsesteenweg 41	Retail warehouse	2007	> 1980	770	1	-
Nieuwstraat 10	High street shop	1998	< 1950	151	1	-
AARTSELAAR						
Antwerpsesteenweg 13 / 4	Retail warehouse	2000	> 1980	1,334	1	-
ANS						
Rue de Français 393	Retail warehouse	1999	> 1980	3,980	8	-
ANTWERP						
Armeduivelstraat 6	Premium city high street shop	2015	< 1950	198	1	-
De Keyserlei 47	Premium city high street shop	2000	< 1950	62	1	-
De Keyserlei 49	Premium city high street shop	2000	< 1950	102	1	-
Graanmarkt 13	Premium city high street shop	2015	< 1950	886	2	-
Groendalstraat 11	Premium city high street shop	2000	< 1950	48	1	-
Huidevettersstraat 12	Premium city high street shop	1994	< 1950	684	1	-
Korte Gasthuisstraat 17	Premium city high street shop	2015	< 1950	1,534	1	-
Korte Gasthuisstraat 27	Premium city high street shop	2000	< 1950	145	1	-
Leysstraat 17	Premium city high street shop	2000	< 1950	325	1	2
Leysstraat 28-30	Premium city high street shop	1997	< 1950	1,646	2	5
Meir 99	Premium city high street shop	1996	< 1950	583	1	-
Schuttershofstraat 22	Premium city high street shop	2015	< 1950	342	1	-
Schuttershofstraat 24	Premium city high street shop	2000	< 1950	180	1	-
Schuttershofstraat 30	Premium city high street shop	2000	< 1950	66	1	-
Schuttershofstraat 32 / Armeduivelstraat 2	Premium city high street shop	2000	< 1950	54	1	-
Schuttershofstraat 55	Premium city high street shop	2015	< 1950	139	1	-
BALEN						
Molsesteenweg 56	Retail warehouse	1999	> 1980	1,871	1	-
BOECHOUT						
Hovesesteenweg 123-127	Retail warehouse	2002	> 1980	1,230	1	-
BRUGES						
Steenstraat 38	Premium city high street shop	2013	< 1950	941	1	-
Steenstraat 80	Premium city high street shop	1998	< 1950	2,058	1	-
BRUSSELS						
Elsensesteenweg 16	Premium city high street shop	1996	< 1950	1,222	2	-
Elsensesteenweg 41-43	Premium city high street shop	1998	< 1950	6,604	7	-
Louizalaan 7	Premium city high street shop	2000	< 1950	370	1	-
Nieuwstraat 98	Premium city high street shop	2001	< 1950	150	1	-
DROGENBOS						
Nieuwe Stallestraat 217	Retail warehouse	2007	> 1980	530	1	-
GENK						
Hasseltweg 74	Retail warehouse	2002	> 1980	2,331	3	-
GHENT						
Veldstraat 23-27	Premium city high street shop	2014	< 1950	2,690	1	-
Veldstraat 81	Premium city high street shop	1998	< 1950	265	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 2015.

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
Volderstraat 15	Premium city high street shop	1993	< 1950	279	1	-
Zonnestraat 8	Premium city high street shop	1998	< 1950	262	-	-
Zonnestraat 10	Premium city high street shop	1998	< 1950	2,439	1	-
GRIVEGNÉE						
Rue Servais Malaise	Retail warehouse	2002	> 1980	2,000	1	-
HUY						
Rue Joseph Wauters 3 1)	Retail warehouse	2007	> 1980	1,000	2	-
JEMAPPES						
Avenue Wilson 510	Retail warehouse	2007	> 1980	900	2	-
KAMPENHOUT						
Mechelsesteenweg 38-42	Retail warehouse	1999	> 1980	3,322	3	-
KORBEEK-LO						
Tiensesteenweg 378 1)	Retail warehouse	2007	> 1980	990	1	-
KUURNE						
Ringlaan 12	Retail warehouse	2007	> 1980	736	-	-
LEOPOLDSBURG						
Lidostraat 7	Retail warehouse	1999	> 1980	1,850	1	-
LEUVEN						
Bondgenotenlaan 69-73	High street shop	2001	< 1950	1,495	2	-
LIÈGE						
Rue Pont d'Ile 35	High street shop	1998	< 1950	80	1	-
Rue Pont d'Ile 45	High street shop	1998	< 1950	55	1	-
Rue Pont d'Ile 49	High street shop	1998	< 1950	375	1	-
MECHELEN						
Bruul 39-41	High street shop	2000	< 1950	361	2	-
Bruul 42-44	High street shop	2001	< 1950	2,948	1	-
MOESKROEN						
Petite Rue 18	High street shop	1998	< 1950	235	1	-
MONS						
Grand Rue 19	High street shop	2000	< 1950	185	1	-
MONTIGNIES-SUR-SAMBRE						
Rue de la Persévérance 14	Retail warehouse	2007	> 1980	750	-	-
NAMUR						
Place de l'Ange 42	High street shop	2011	> 1950 and < 1980	2,331	12	-
PHILIPPEVILLE						
Rue de France	Retail warehouse	1999	> 1980	3,689	6	-
SCHAARBEEK						
Leuvensesteenweg 610-640	Retail warehouse	1999	> 1980	2,964	4	-
TIELT-WINGE						
Retailpark 't Gouden Kruispunt	Retail warehouse	99/02	> 1980	19,096	22	-
TURNHOUT						
Gasthuisstraat 5-7	High street shop	2001	< 1950	1,269	1	-
Gasthuisstraat 32	High street shop	1996	< 1950	1,523	1	-

1) Land on long lease

BELGIUM CONT. 2)

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
WAVRE						
Boulevard de l'Europe 41	Retail warehouse	2007	> 1980	860	1	-
Rue du Commerce 26	High street shop	1998	< 1950	242	1	-
Rue du Pont du Christ 46 / Rue Barbier 15	High street shop	1998	< 1950	319	1	-
WILRIJK						
Boomsesteenweg 666-672	Retail warehouse	2000	> 1980	4,884	4	-
TOTAL PROPERTY IN OPERATION BELGIUM				91,930	126	7

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 2015.

SPAIN

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
CASTELLÓN DE LA PLANA						
Calle Grecia 4	Retail warehouse	2001	2003	5,109	1	-
LEON						
Avenida Ordoño II 18	High street shop	2001	< 1950	591	1	-
MADRID						
Calle de Fuencarral 23	Premium city high street shop	2006	< 1950	256	1	-
Calle de Fuencarral 25	Premium city high street shop	2006	< 1950	120	1	-
Calle Serrano 36	Premium city high street shop	1999	< 1950	615	1	-
Calle Tetuân 19 / Calle Carmen 3	Premium city high street shop	2002	< 1950	429	1	-
MÁLAGA						
Plaza de la Constitución 9	Premium city high street shop	2010	< 1950	279	1	-
TOTAL PROPERTY IN OPERATION SPAIN				7,399	7	-

PORTUGAL

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
BARCELOS						
Rua Porta Nova 41	High street shop	2002	< 1950	128	1	-
BRAGA						
Avenida Central 78-80	High street shop	2002	< 1950	471	1	-
LISBON						
Rua Damião de Góis 41-44d	High street shop	2002	< 1950	150	1	-
Rua do Carmo 100-102 / Rua do Ouro 287 and 291-295	High street shop	2002	< 1950	1,139	5	-
Rua Morais Soares 93	High street shop	2002	< 1950	257	1	-
PORTO						
Praça Marquês Pombal 152	High street shop	2002	< 1950	437	1	-
Praça Mouzinho de Alburquerque 119-124	High street shop	2002	< 1950	148	1	-
Rua de Brito Capelo 160	High street shop	2002	< 1950	164	1	-
Rua Santa Caterina 325-329	High street shop	2002	< 1950	529	1	-
TOTAL PROPERTY IN OPERATION PORTUGAL				3,423	13	-

TURKEY

City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (m²)	Number of tenants	Number of appartements
ISTANBUL						
Abdi Ipekçi Caddesi 41	Premium city high street shop	2011	1932	2,000	1	-
Bahariye Caddesi 58	Premium city high street shop	2009	1985	400	1	-
Bahariye Caddesi 66/B	Premium city high street shop	2009	2003	130	1	-
Istasyon Caddesi 27	Premium city high street shop	2012	1983	2,000	1	-
Istiklal Caddesi 18	Premium city high street shop	2007	1987	1,170	1	-
Istiklal Caddesi 85	Premium city high street shop	2010	1890	3,300	1	-
Istiklal Caddesi 98	Premium city high street shop	2008	1920	530	1	-
Istiklal Caddesi 119	Premium city high street shop	2009	1950	570	1	-
Istiklal Caddesi 161/B	Premium city high street shop	2010	1980	3,000	1	-
TOTAL PROPERTY IN OPERATION TURKEY				13,100	9	-

TOTAL PROPERTY IN OPERATION				341,350	752	235

NOTES TO THE PROPERTY PORTFOLIO IN OPERATION

- 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.

- Vastned's leases in Portugal are subject to comparable rent legislation as in Spain. Virtually all Vastned's leases in Portugal have been agreed for a ten-year period.

- In Turkey, leases are normally concluded for a period of five years. All Vastned's leases in Turkey are denominated in euros and are increased based on contractual agreements.

APPRAISERS

- CBRE in Amsterdam, Brussels, Madrid, Paris
- Cushman & Wakefield in Amsterdam, Brussels, Lisbon, Madrid and Paris
- Crédit Foncier in Paris (residential property)
- DTZ in Istanbul

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ABBREVIATIONS & DEFINITIONS

ABREVIATIONS

AFM Dutch Authority for the Financial Markets
CEO Chief Executive Officer
CFO Chief Financial Officer
CIO Chief Investment 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
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.

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.

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.

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.

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.

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.

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- M. Bax MBA LL.M, chairman remuneration and nomination committee
- J.B.J.M. Hunfeld

EXECUTIVE BOARD

- T.T.J. de Groot MRE MRICS, CEO
- R. Walta MSRE, CFO

VASTNED SHARE

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Reuters: VASN.AS
Bloomberg: VASTN.NA

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- Editing Sport interviews: Frits Barend – Helden magazine
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INDIAN RESTAURANT