Connecting real estate to society

ANNUAL REPORT 2021

vastned

Contents

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This document is the PDF/printed version of the Annual Report 2021 of Vastned Retail N.V.
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The ESEF package is available on Vastned's corporate website.
In case of any discrepancies between this version and the ESEF package, the latter prevails.

Vastned at a glance

Property

NUMBER OF PROPERTIES
271

PROPERTIES WITH AN EPC[1] (IN %)
74

PROPERTY PORTFOLIO VALUE (IN MILLION €)
1,438
↓ -1,6%

COMMERCIAL LETTABLE AREA (IN THOUSAND M²)
205

NUMBER OF COMMERCIAL TENANTS[2]
443

OCCUPANCY RATE (IN %)
97.9

Profit

GROSS RENTAL INCOME (IN MILLION €)
62

DIRECT RESULT (IN MILLION €)
33

INDIRECT RESULT (IN MILLION €)
(19)

RESULT (IN MILLION €)
14

SOLVENCY (IN %)
55.1

LOAN-TO-VALUE RATIO (IN %)
43

1) Energy Performance Certificate. 2) Excluding apartments and parking spaces.

People

PEOPLE 1H DRIVING DISTANCE TOP CITIES[2)]
(IN MILLION OF PEOPLE)
35

NUMBER OF EMPLOYEES
34

EMPLOYEE TURNOVER
9

DIVERSITY RATE
(IN %)
38 / 62
MALE FEMALE

EMPLOYEE TRAINING
(TOTAL HOURS)
1,111

FIXED CONTRACT RATIO
(PER FTE IN %)
97

Planet

TOTAL ELECTRICITY CONSUMPTION[1)]
(IN KWH)
618,570

TOTAL ENERGY (FUEL) CONSUMPTION[1)]
(IN KWH)
720,227

BUILDINGS WITH EPC LABEL
(IN %)
74

EPC LABEL BETWEEN A+ AND C
(IN %)
36

USE OF RENEWABLE ENERGY
(IN %)
100

MARKET VALUE OF PORTFOLIO ELIGIBLE FOR GREEN FINANCE
(IN %)
10

1) Properties under operational control. 2) Amsterdam, Antwerp, Paris and Madrid.

CEO Message

Dear shareholders, tenants, colleagues and other stakeholders,

2021 was the year in which Vastned began implementing its revised strategy, which calls for an increase in the mixed use of our properties and the diversification of the tenant base. In particular, our approach will involve working with more digital brands and other strong brands that are seeking to lease striking, distinctive properties in prime locations within winning cities.

2021 was also again marked by the COVID-19 pandemic, and the many activities we undertook to navigate the crisis alongside our tenants. While it was far from an easy time, we are pleased with the outcome of our tailer-made tenant approach. We value our tenants' tremendous entrepreneurship, and our regular and constructive discussions with these and other stakeholders give us confidence for the future.

This crisis will eventually come to an end, and it is striking how quickly society and the economy bounce back as soon as government measures and restrictions are eased. Shoppers still enjoy visiting popular inner-city shopping areas as much as in the past, and the appetite for relaxing and enjoying entertainment in familiar, safe places remains strong. Digitalisation cannot replace these experiences, but we believe it can enhance them. Meanwhile, urbanisation continues at full speed, driving demand for inner-city convenience concepts, service points and pedestrian drives for 'click and collect', as well as for additional residential units and small offices above shops. Increased living above high street stores enhances quality of life in historic city centres, even outside of business hours. At Vastned, we are also looking forward to contributing to this development in the years ahead.

This was my first year as Vastned's CEO, and it has been a memorable and valuable new experience. I am proud to be working alongside enthusiastic, hard-working Vastned employees to build a strong future for this unique property company.

Portfolio

In 2021, our high-quality property portfolio clearly proved its quality once more. The occupancy rate remained high at the year-end at 97.9%, and the collection rate increased to 96% from 90% a year ago. The property portfolio in Belgium is almost fully let, with an occupancy rate of 99.3%, while in Spain the portfolio is completely let. Vastned's property portfolios in the Netherlands and France are both let at 97.2%.

Amid a challenging economic environment due to the pandemic, we saw a relatively limited 1.6% decrease in the total value of our property during the year. In the Netherlands and Belgium, we succeeded in selling selected non-strategic assets in smaller cities, for a total amount of € 18.2 million, with a book value of € 17.5 million. Vastned waived € 3.1 million in rental payments in 2021. Of this amount € 2.1 million was related to 2021, considerably less than the waivers of rent arrears recorded in 2020 (€ 4.2 million). The gross rental income decreased from € 64.9 million to € 62.2 million, but the direct result for the year increased from € 36.5 to € 38.0 million.

Retail environment

We have witnessed how COVID-19 has accelerated changes in the retail landscape over the past two years. An important development has been a significant increase in consumers using digital technology to purchase goods or gather related information. This key behavioural trend has led the e-commerce segment to grow rapidly in comparison to physical retail. Vastned has seen an overall decrease in demand for retail space from traditional fashion retailers and increasing demand from other segments and digital brands in fashion, sports, trendy jewellery, cosmetics, home accessories and affordable design furniture, as well as from supermarkets and personal care. We believe that retailers increasingly need to strike the right balance between their physical and digital offering and create a total customer experience.

Vastned expects historic city centres to remain popular destinations, with visitor numbers recovering once the pandemic is behind us. The pandemic has put more emphasis on the use of space and on sustainability in cities. The long-term urbanisation trend will continue in Europe and elsewhere. After all, it is in the city-centres, where most economic activity takes place. These urban and often historic areas remain the preferred destination for shopping, living, working and leisure for the foreseeable future.

"Vastned aims to create long-term value in a sustainable way for all stakeholders."

We have responded to this by updating and executing our strategy while maintaining our core objective: generating stable and predictable results in the long term. We will achieve this by optimising and concentrating our property portfolio and increasing the cost-efficiency of our organisation. Also Vastned is working on achieving sustainability targets, mainly related to improving its energy labels. In this way, Vastned aims to create long-term value in a sustainable way for all stakeholders.

ESG

In Vastned's efforts to contribute to the fight against climate change, as well as creating positive impact in multiple dimensions to society at large, the company has developed an ESG policy. This policy helps to increase transparency and to communicate about the company's direction and management approach with respect to relevant ESG topics. To identify these topics, the ESG topics for Real Estate Investment have been considered as recommended by the UN Principles for Responsible Investment (PRI). In addition to this, a continuous stakeholder dialogue has been conducted. The key material topics identified in 2019 have been used for setting the company's objectives and targets, including a new sustainability target. This new target is set to increase the eligible asset portfolio to 25% of the total market value. These eligible assets relate to assets that can be used for green loans in line with Vastned's Green Finance Framework.

Proposed dividend

Based on the 2021 direct result of € 1.93 per share, we propose to pay out € 1.73 per share in dividend for 2021. € 0.53 was paid as an interim cash dividend in 2021, with the remainder of € 1.20 to be paid as a cash dividend in May 2022.

In 2022, the company will continue working hard to maintain high occupancy rates across its property portfolio, together with high collection rates. Given the unpredictability of the COVID-19 pandemic, and the possibility of new variants, many of Vastned's tenants face an uncertain commercial and financial outlook over the coming year. As such, we are not providing forecasts or guidance on the direct result for the 2022 full year at this stage.

Vastned's focus is firmly on maintaining excellent operational performance and executing our strategy. I look forward to leading the company towards a better future for retail property, and to realising stable and predictable long-term results. At the same time, I like to thank all our employees for their great contribution, dedication, and support, which allows Vastned achieving this.

Amsterdam, 9 February 2022

Reinier Walta
Chief Executive Officer

Profile

Vastned Retail N.V. ("Vastned") is a listed European property company focused on the best properties in popular shopping areas of selected European cities with a historic city centre, where shopping, living, working and leisure meet.

By investing in historic city centres, Vastned helps preserve the cultural heritage of these locations. The company contributes positively to the liveability and safety of city centres by creating and renovating residential space above shops. In this way, Vastned endeavours to create long-term value for its shareholders, tenants, employees, financiers and society as a whole, and to connect property with people and experiences.

At the end of 2021, the total value of Vastned's portfolio was € 1.44 billion.

The transformation of Vastned's portfolio into prime retail property in selected European cities with historic city centres began in 2011. Over 80% of the current portfolio is comprised of property located in the historic centres of selected European cities, including Amsterdam, Utrecht, The Hague, Breda, Eindhoven, Maastricht, Paris, Bordeaux, Lille, Brussels, Antwerp, Ghent, Bruges and Madrid. The remainder of the portfolio is mostly made up of Belgian retail parks, supermarkets and high-quality retail property in smaller cities (especially in the Netherlands and Belgium) that yield good, stable returns.

Vastned has indicated for some time that the inner-city retail landscape is changing. The COVID-19 pandemic has accelerated this development over the past two years. In 2021, Vastned responded by updating its strategy while maintaining its core mission: generating stable, predictable results in the long term. Vastned aims to achieve this objective by optimising and concentrating its property portfolio and increasing the cost-efficiency of the organisation. In this way, Vastned seeks to create long-term value in a sustainable way for all stakeholders.

Vastned has a team of 34 employees located across four European countries. The organisation works together intensively to execute the strategy in a hands-on, pragmatic fashion with a focus on continually enhancing the quality of the portfolio. Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of less than 40% over the longer term.

Key figures 2017–2021

Results (€ million)	2021	2020	2019	2018	2017
Gross rental income	62.2	64.9	69.3	77.1	77.5
Direct result	33.1	31.7	35.0	40.4	41.1
Indirect result	(18.7)	(73.1)	(12.6)	0.7	53.5
Result	**14.4**	**(41.4)**	**22.4**	**41.1**	**94.6**
Balance sheet (€ million)					
Property (appraisal value)	1,438.0	1,479.3	1,571.4	1,579.6	1,591.6
Equity	792.0	818.3	882.9	923.0	933.4
Equity Vastned Retail shareholders	713.1	737.2	793.7	830.4	838.7
Long-term liabilities	636.6	654.0	612.1	505.4	633.9
Average number of shares in issue	**17,151,976**	**17,151,976**	**17,270,106**	**18,151,962**	**18,505,783**
Number of shares in issue (end of period)	**17,151,976**	**17,151,976**	**17,151,976**	**17,894,592**	**18,186,800**
Per share (€)					
Equity Vastned Retail shareholders at beginning of period (including dividend)	41.57	46.28	46.40	46.05	42.26
Final dividend previous financial year	(1.73)	(0.85)	(1.34)	(1.41)	(1.32)
Equity Vastned Retail shareholders at beginning of period (excluding dividend)	**39.84**	**45.43**	**45.06**	**44.64**	**40.94**
Direct result	1.93	1.85	2.03	2.22	2.22
Indirect result	(1.09)	(4.26)	(0.73)	0.04	2.89
Result	**0.84**	**(2.41)**	**1.30**	**2.26**	**5.11**
Other movements	0.01	(0.04)	0.50	0.21	0.71
Interim dividend	(0.53)	–	(0.58)	(0.71)	(0.64)
Equity Vastned Retail shareholders at end of period (including final dividend)	**41.57**	**42.98**	**46.28**	**46.40**	**46.12**
EPRA NNNAV [1]	n/a	42.36	46.20	46.49	45.66
EPRA NTA	42.13	43.78	47.25	–	–
Share price (end of period)	**24.00**	**23.15**	**26.70**	**31.30**	**41.30**
Dividend in cash [2]	1.73	1.73	1.43	2.05	2.05
Shareholder return (%)	13.2	(9.4)	(8.6)	(19.7)	17.1
Other					
Solvency (%)	55.1	55.2	56.6	59.0	59.2
Loan-to-value ratio (%)	43.0	43.0	41.6	39.0	38.8
Capex (€ million)	3.0	2.3	2.4	3.9	3.8
Number of employees (FTEs, average)	34	38	39	41	45

1) Due to an EPRA update, Vastned reports EPRA NTA as of the 2020 financial year, whereby EPRA NNNAV was also presented in this transitional year 2020.
2) Subject to approval at the Annual General Meeting.

Highlights 2021

February

Full-Year Results 2020 and strategy update

On 11 February, Vastned reported a direct result of € 1.85 per share, which was at the top end of the forecast provided earlier. A strategy update was provided in which Vastned explained how it plans to optimise and concentrate its property portfolio, to achieve efficiency and to finance conservatively.

April

Appointment of new CEO, Reinier Walta, at AGM in April

At the AGM, Reinier Walta was appointed as CEO for a four-year term. The financial accounts were adopted, and the proposed dividend was approved.

July

Full-year outlook and deepening of strategy as part of H1 2021 results announcement

On 28 July, the interim results and FY outlook were provided. Strategy execution was highlighted, with an emphasis on explaining the opportunities with digital retailers looking for more physical locations.

August

Interim dividend of € 0.53 per share

On 18 August, the interim dividend of 60% of the direct result was paid. For the full year, Vastned will distribute at least 75%.

September

Moving head office to Hoofddorp as part of cost-saving plan

On 17 September, Vastned moved its head office from Amsterdam to a smaller office in Hoofddorp.

October

9M Trading Update; narrowing direct results guidance range to € 1.85 – 1.90 per share

On 26 October, the 9M Trading Update highlighted a strong operational performance, which allowed for the narrowing of the direct results full-year forecast.

Reporting framework

In the 2021 Annual Report, Vastned has chosen to structure the Report of the Executive Board according to a reporting framework consisting of what Vastned calls the 4Ps: Property, Profit, People and Planet.

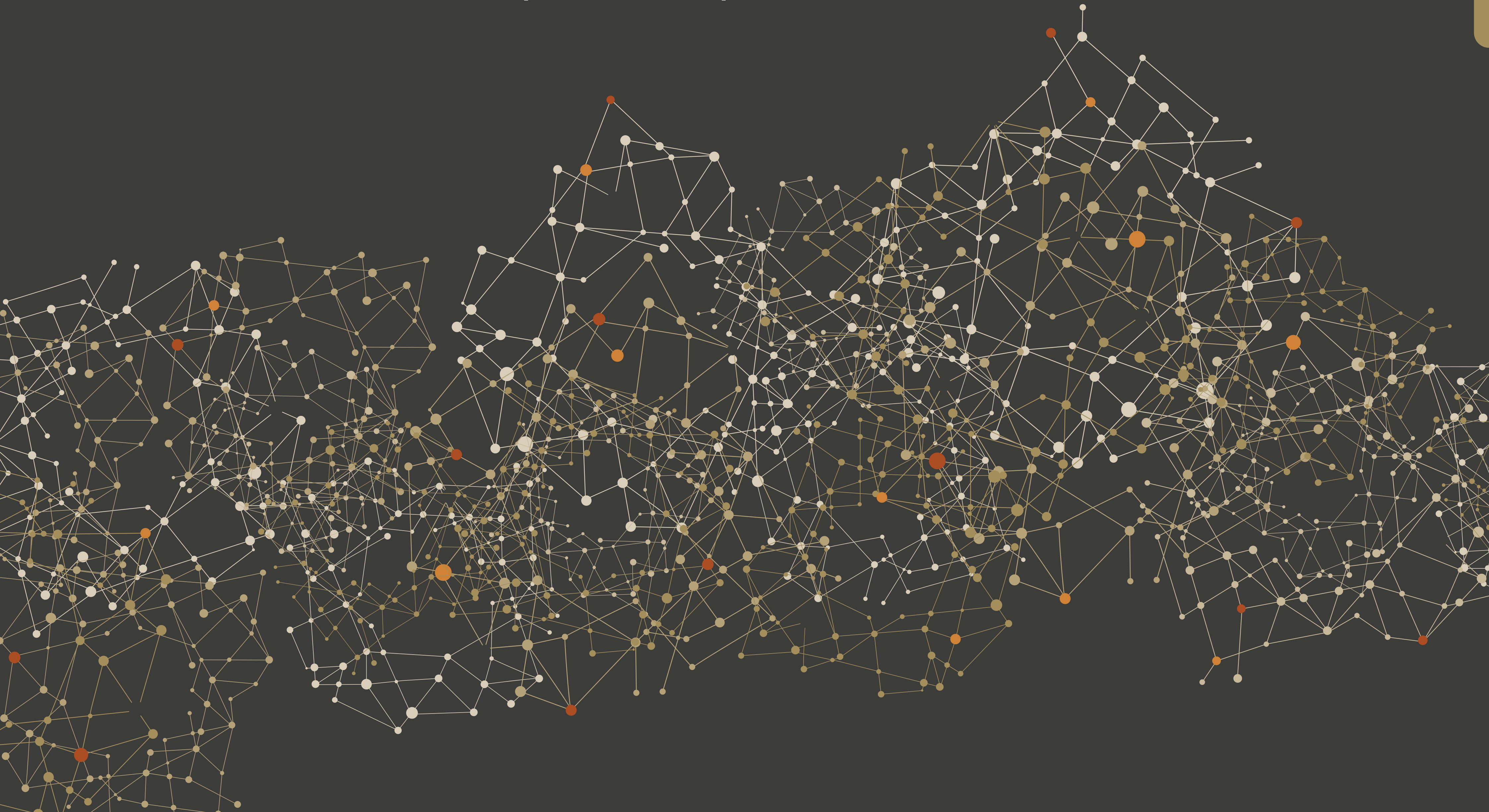
Property provides an overview of Vastned's property portfolio, including information about the company's tenant mix, details of its total portfolio size and in-depth breakdowns per major city where Vastned's properties are located. The overview also contains detailed information on occupancy rates, leasing activity, like-for-like gross rental income, lease expirations, portfolio value movements, capital investment, divestments and acquisitions.

Profit concerns Vastned's financial results, including the result per share, the direct and indirect result per share, the development of rental income, expenditure, the financing structure and dividends.

People looks at Vastned's role in society and how its property connects people with experiences. This section looks at footfall in its key streets to measure how many people are reached and how its properties contribute positively to livelihoods and well-being in city centres. This section of the report also considers Vastned's own organisation and people, addressing human resource development, Vastned's organisational culture and diversity.

Planet describes how Vastned's environmental, social and governance (ESG) performance contributes to a better world. This section includes Vastned's ESG policy and the United Nations (UN) Sustainable Development Goals (SDGs) that Vastned focuses on. The company's approach is explained, and its performance is reported. This section also provides transparency on tax, an update on Vastned's preparations for the EU Taxonomy framework, its continued application of the EPRA Best Practice Measures, its Green Finance Framework and an overview of the actual realisation of sustainable renovation projects and the related EPC-label improvement.

Report of the Executive Board



Retail landscape in transition

For some time, Vastned has observed that the retail landscape is changing, and the outbreak and spread of COVID-19 has accelerated this development. Vastned's strategy update, presented in February 2021, responds to this shift.

The following trends are relevant in the market in which Vastned operates:
- Expected continued growth of e-commerce;
- Changing consumer spending patterns and decreasing demand for fashion retail;
- Tourism to gradually recover from the pandemic;
- Continued urbanisation in the long term.

Expected continued growth of e-commerce

E-commerce is growing in comparison to physical retail activity, driven by changing consumer behaviour and technological developments. The outbreak and spread of COVID-19 has accelerated these developments and further boosted online shopping. The market share of online shopping has risen sharply in countries in which Vastned operates and, as a percentage of total retail sales, is greatest in the Netherlands, followed by Belgium, France and Spain. This trend is expected to continue, increasingly demanding from retailers to adjust their business models and store portfolios. In addition to physical shops, many retailers have launched online business models. However, these multichannel, cross-channel and omnichannel strategies have not been successful for all retailers due to unfamiliar operational challenges, different cost structures and strong competition within the e-commerce segment. Furthermore, high costs for IT, logistics and digital marketing often result in lower margins, while not guaranteeing an increase in total sales for the retailer. Vastned believes this shows that online business models are not sufficient on their own, and that the quality and service provided by physical shops will remain vital to retailers' success. Vastned therefore also notes that, precisely in this challenging market, retailers are becoming even more selective in their choice of shop locations. In recent years, successful online brands have increasingly been seeking to add physical stores to enhance their brand experience. These so-called 'phygital' retailers represent a strong growth segment, competing for the same locations as traditional brands to reach more consumers. Typically, 'phygital' retailers seek highly visible high street locations. These often include historical buildings in prime shopping areas, where retailers can create a true customer experience and offer convenient 'click & collect' opportunities that fit with their brand image.

Changing consumer spending patterns and decreasing demand for fashion retail

A recent trend has seen a larger proportion of total household income being spent on fixed costs such as housing, gas and electricity. In addition, in the years before the COVID-19 lockdowns, consumers had been spending more on travel, restaurants and leisure, while spending on fashion had decreased. The fashion segment is therefore impacted by the aforementioned shift to online shopping and a downward trend in spending. Larger retail units rented out to small fashion retailers have been particularly impacted by the COVID-19 lockdowns. Accordingly, Vastned reduced its exposure to the fashion retail segment from 48.1% in 2020 to 45.9% in 2021.

Tourism to gradually recover from the pandemic

Tourism has traditionally been an important driver of footfall in the historic centres of European cities, serving as an important source of retailer incomes in these locations. In 2020, global air travel declined sharply due to the pandemic and subsequent restrictions. 2021 saw a rebound in air travel, though not a return to 2019 levels. By 2024, air travel is expected to reach 2019 levels once again. Against this backdrop, the vulnerability of the high street retail portfolio in larger European cities to the tourism sector has become apparent. Nevertheless, while it is uncertain whether tourism will fully recover from the COVID-19 pandemic, Vastned is observing that visitor numbers in European cities are gradually recovering.

Continued urbanisation in the long term

Globally, cities are great drivers of economic growth, as well as culture and innovation, and the trend towards urbanisation will continue in the long term in Europe and beyond. Going forward, the COVID-19 pandemic will see more attention devoted to the use of space and to making cities more sustainable. For example, Parisians will be able to meet, exercise, cycle, shop and live in an 'extraordinary garden' on the Champs-Élysées once the famous boulevard has undergone its planned transformation. Meanwhile, in Amsterdam, tens of millions of euros are being invested in green spaces throughout the city and in making the city more climate-resilient. There is also increased demand for inner-city services, convenience and pedestrian drives that cater for the needs of inhabitants within a 15-minute walk or bike ride from their home. These initiatives and urbanisation trends, which are most advanced in larger European cities, will ensure that urban centres remain attractive places for people to visit and inhabit. Vastned observes that, as soon as COVID-19 restrictions are eased, people are eager to shop, meet, drink, dine and enjoy other leisure and entertainment activities in city centres. Vastned expects demand for both commercial and residential properties in historic city centres to remain strong, with supply remaining limited.

Strategy

The following timeline shows how Vastned has adjusted its strategy since 2011 to reposition its portfolio. By taking these strategic decisions, Vastned believes it has developed a portfolio that connects property with people and experiences. The portfolio facilitates the interaction between people in their daily lives and connects them by providing locations where they can shop, work, live and meet to enjoy inner-city leisure activities.

The COVID-19 outbreak has accelerated some pre-existing trends and developments in the retail landscape, which have served as the basis for the strategy update announced in February 2021. Vastned is therefore further optimising its property portfolio and looking for diversification by adding new retailers to its tenant mix, with a particular focus on non-fashion retailers. At the same time, the company aims to develop more mixed-use assets in city centres. Within its retail portfolio, more focus will be placed on properties to suit tenants with a strong online presence that are also looking to strengthen their brands with physical retail locations; this combined physical and digital (‘phygital’) approach can facilitate a more engaging customer experience while reinforcing a brand’s messaging. Vastned also continues to concentrate its portfolio in so-called ‘winning’ cities, with the eventual aim of focusing its portfolio on between three and four cities per country, except for Spain where it remains concentrated in Madrid.

Alongside this key first pillar of its strategy, Vastned continues to focus on being a cost-efficient organisation with limited numbers of FTEs and excellent digital and data-rich processes that drive efficiency. The third strategic pillar involves being conservatively financed and looking for new sources of finance, including green finance. In this way, Vastned aims to create long-term value in a sustainable way for all its stakeholders.

2011	2017	2018	2021
Focus on investing in and letting retail properties in the popular high streets of bigger European cities with a historic city centre.	Added focus on clustering the portfolio in: Amsterdam, Antwerp, Paris and Madrid.	Added focus on the expansion of food & beverage within portfolio.	Focus on inner-city mixed-use properties, well positioned for the current retail environment that complements online retail sales.

- ✓ Divesting relatively labour-intensive shopping centres and clustering the portfolio in a small number of big cities;
- ✓ Realizing homes and offices on the upper floors in high streets;
- ✓ Loan portfolio was further optimised by adjusting the maturity of the loans and lowering the average interest rate;
- ✓ Streamlined management structure and organisation.

optimised and concentrated portfolio	Efficient organisation	Conservative financing
Unique portfolio of high street retail and inner-city mixed-use properties, well suited to the current retail environment Concentration in winning cities (3 to 4 per country) Improve retail tenant mix by adding tenants with: • Digital brands and retailers that prioritize 'phygital' and 'buy online pick up in store' • Strong urban, suburban and mono brands that seek high street presence. • Increased focus on mixed-use adding residential units and offices Redevelopment potential and selective investments combined with divestments	Stay a cost-efficient organisation with limited number of FTEs Digitisation of processes and data-driven working to increase efficiency A compact team of specialists with a hands-on and result-oriented mentality Local teams with expert knowledge, experience and extensive networks Hybrid combination of home and on-site working, moving to more cost-efficient headquarters Open and inclusive culture	Long-term target to reach a loan-to-value ratio of 40% Growth of green loans, in line with our Green Finance Framework[1] Share of non-bank loans at least 25% Ratio fixed vs. floating interest: at least 2/3 fixed interest (max. 1/3 floating)

1) www.vastned.com/en/ investor-relations/ green-finance-framework

Optimised and concentrated portfolio

In response to the developments in the retail market, Vastned will optimise and concentrate the current portfolio to make the company less dependent on fashion and tourism. As part of this strategy, Vastned will seek to develop its property portfolio in city centres where shopping, living, working and leisure meet, with an increased emphasis on local and digital economies. Where possible, Vastned will redevelop and convert the upper floors of properties in its portfolio into apartments and offices. The retail rental income for upper floors is usually lower than for ground floors, and cash flow can be improved and diversified in this way. In line with this philosophy, Vastned aims to further concentrate the portfolio. On the one hand, this means evaluating the existing portfolio, which could lead to the divestment of properties or parts of the portfolio, provided they can be divested at the right price. The evaluation of the property portfolio is carried out based on several criteria, including the following:

- Expected net rental income in future years;
- Location of the property;
- Operational control structure over the property;
- The extent to which the property suits different types of tenants.

On the other hand, concentrating the portfolio also means investing in new properties that support our strategy. A key consideration when investing is the potential for synergies between properties where different types of tenants can be served. New growth potential can be created by investing in clusters of properties in locations that serve both visitors to the city centre as well as the local population. On the tenant side, Vastned seeks to gradually decrease its exposure to traditional and non-digital fashion retailers. Vastned will actively discuss and look for opportunities with certain tenants, with the aim of reshuffling high street store locations or creating more attractive retail clusters. Vastned will increasingly attract new tenants that have a strong digital presence or offer attractive non-fashion retail exposure in growing segments, including food & beverage and convenience offerings. Acquisitions, divestments and redevelopments will have this strategy in mind over the coming years.

Optimising the portfolio

Concentrate a sustainable portfolio in winning cities:
- ✓ Cities that thrive due to urbanism trends
- ✓ 3 to 4 cities per country
- ✓ Attractive historic city centres
- ✓ Cluster in and around certain popular streets
- ✓ Attract and focus more on tenants with strong digital presence combined with physical stores

Investments

Selective investments:
- ✓ Strengthen presence in winning cities
- ✓ Add mixed-use assets
- ✓ Increase the sustainability of our properties
- ✓ Improve the tenant mix - adding new digital retail tenants to existing or desired locations

Divestments

Divest assets with the following characteristics:
- ✓ Non-strategic asset location
- ✓ Properties that are less attractive from a future tenant mix or mixed-use perspective
- ✓ Lack of full operational control over the property
- ✓ Timing of disposals depends on market circumstances (Proceeds also used to lower the LTV)

Efficient organisation

Vastned's organisation is adapting to match the new focus of the portfolio. The Vastned team will continue to manage the portfolio in a hands-on, proactive and pragmatic fashion while ensuring significant cost-efficiency at all times. If specific knowledge or skills are not available within the organisation, Vastned will secure this on a temporary basis by using external resources. Vastned's work is increasingly data-driven. Where possible, processes are digitalised to ensure a more efficient organisation. This remains the case when workloads increase due to external factors, one example being the additional administrative burden of individual tailor-made agreements signed with most tenants during the recent COVID-19 lockdowns. In 2021, Vastned reduced its FTEs by 5.3 and currently employs 31.7 FTEs. The statutory Executive Board currently consists of only one member, the CEO (and Managing Director). Given the size of the organisation, this is considered appropriate for the foreseeable future. As of 1 March 2021, the Executive Board is supported by an Executive Committee, which has taken over the role of the Management Team. Anticipating the expected continuing trend of combining working from home and at the office in years to come, Vastned has successfully moved its head office from the Zuidas financial district in Amsterdam to a smaller yet suitably sized office space in the Pharos Building in Hoofddorp.

The new office costs significantly less and offers valuable services that are shared with other tenants. The combined effort of all our efficiency measures have resulted in a 12.3% saving in normalised general expenses compared with 2020 (excluding one-offs in 2020).

Conservative financing

Vastned pursues a conservative financing structure that allows for the implementation of its strategy. The long-term internal target for the loan-to-value ratio has been lowered from between 35% and 45% to a maximum of 40%. In addition, the company's financing sources are broadened; one method, for instance, involves placing long-term bond loans with institutional investors (for example, private placements). Using private placements, the duration of the long-term loan portfolio has been extended and better spreading of the company's financing among different lenders has been achieved. To anchor sustainability in Vastned's financing, the company has developed a Green Finance Framework. The aim of the framework is to (re)finance energy-efficient commercial and residential properties that contribute to the preservation of historic city centres. Under this framework, Vastned may issue a range of green financing instruments. Vastned's key financing objectives are as follows:

- Loan-to-value ratio of 40% (previously between 35% and 45%);
- Growth of green loans, using the Green Finance Framework;
- Share of non-bank loans of at least 25%;
- Ratio of fixed vs floating interest with fixed interest to be at least 2/3rds of total.

Please find the Green Finance Framework on the Vastned corporate website:
→ www.vastned.com/en/investor-relations/green-finance-framework

Dividend policy

The dividend policy is unchanged and stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. Stable and predictable results ensure long-term value creation. In this way, the dividend policy contributes to the long-term value creation of the company.

Value creation model

Vastned focuses on the best properties that connect property with people and experiences. The company's portfolio facilitates the interaction between people in their daily lives and connects them to where they shop, work, live and meet. Through this strategy, the company creates long-term value for its shareholders, tenants, employees, financiers and society. The realisation of the added value is presented in the value creation model.

Input

Property
- Number of properties: **271**
- Commercial lettable area: **205,000 m²**
- Number of commercial tenants: **443**

Profit (Finance)
- Total assets: **€ 1,454 million**
- Shareholders equity: **€ 713 million**
- Long-term loan capital: **€ 613 million**

Planet
- Total electricity (kWh) [1]: **618.570**
- Total energy (fuel) (kWh) [1]: **720.227**

1) Properties under opertional control

People
- Number of employees: **34**
- Stakeholder communications

Purpose and strategy

Pro-activeness | Quality | Entrepreneurship | Team spirit | Sustainability

vastned

Connecting property, people and experiences in historic city centres where shopping, working, living and leisure meet.

Strategy

Investing in and letting of property in the popular major European cities with historic city centres.

- Optimised and concentrated portfolio
- Efficient organisation
- Conservative financing

Risk management | Governance

Outcome & Impact

Property
- Leasing activity: **92 leases**
- Occupancy rate: **97.9%**
- Creation/renovation: **14 apartments**

Profit
- Gross rental income: **€ 62.2 million**
- Direct result per share: **€ 1.93**
- Dividend per share: **1.73**

Planet
- Buildings with EPC label: **74%**
- EPC label between A+ and C: **36%**
- Compensation CO_2 emissions: **100%**
- Use of renewable energy: **100%**
- Green and ethical clauses: **91%**

People

Employees
- Diverse teams
- Number of employees that took training in 2021: **16**
- Diverse teams: **male 38% - female 62%**

Connecting real estate to society
- Connecting millions of people
- Preserving historical city centres
- Increasing 'the beating heart' of cities
- Safe and liveable neighbourhoods
- Social safety in city centre environments
- Transparent cooperation

5 GENDER EQUALITY | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our business model

Investing in and letting of properties is Vastned's core business. Vastned's results are comprised of the direct and the indirect result. The direct result mainly consists of gross rental income from properties, minus the associated costs and the costs of financing. The indirect result is mostly comprised of value movements in the portfolio, the results from divestments and any value movements in financial derivatives.

The key movements in rental income are caused by the occupancy rate and like-for-like gross rent development, which are dependent to a large extent on the location of the assets and on active asset management. The company's results over the past few years show that the more attractive the location is, the higher the occupancy rate and the rental income, and the more stable the valuations.

Result	Direct result	Rental income	Size and quality of the portfolio
			Rent levels
			Occupancy rate
		Operating expenses	Size of the portfolio/organisation
			Net service charge expenses
			Occupancy rate
		Financing costs	Interest rate development
			Ratio of fixed versus variable interest rates
			Size of loan portfolio
			Average duration of the loan portfolio
	Indirect result	Portfolio value movements	Quality of the portfolio
			Investments
			Value enhancing redevelopments
		Result on divestments	Total amount of divestments
			Market demand and financing possibilities

Stakeholders

Vastned is aware that it operates in collaboration and in dialogue with a range of stakeholders. In 2021, the Executive Board held discussions with shareholders, employees, financiers and tenants about how Vastned can continue to create long-term value. Parties that impact Vastned's value chain and/or are impacted by Vastned's activities are considered the most relevant. Vastned has identified the following stakeholder groups to be of great importance to its long-term value creation and value chain:

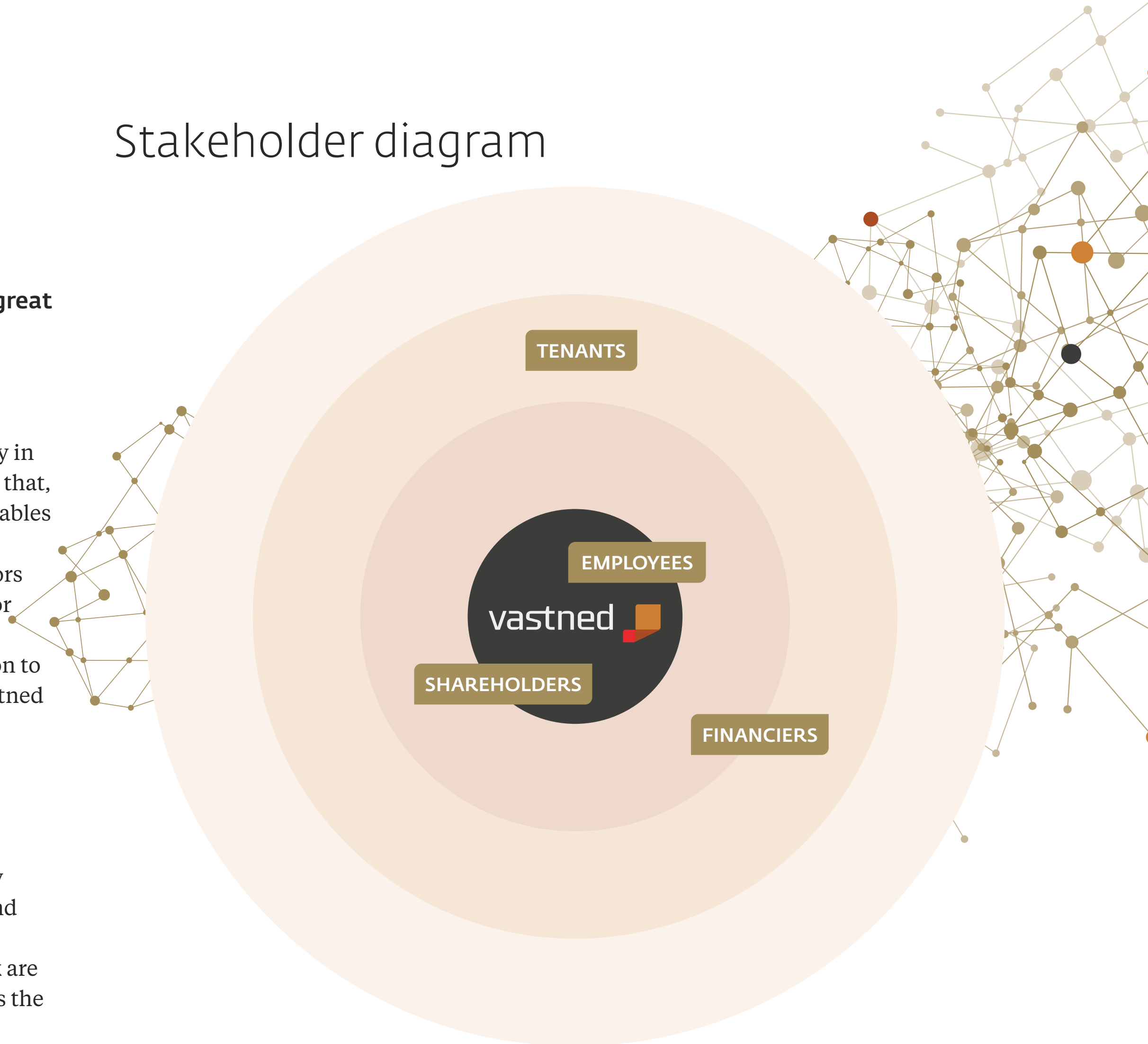
Shareholders

Vastned is a property company that enables its investors to jointly invest in property in the city centres of selected European cities. Shareholders provide the equity capital that, in conjunction with other financing such as banking and other loan agreements, enables Vastned to maintain its property portfolio and make new investments. Many of Vastned's shareholders are long-term investors, including both institutional investors and private investors. The annual general meeting is the most important channel for holding dialogues with shareholders. In addition, Vastned participates in Investor Relations events and meetings to reach out to new and existing investors. In addition to its external communication via press releases, equity research analysts provide Vastned with an important link to the financial markets within the wider external communication process. Vastned is currently being followed by six analysts from reputed parties.

Employees

Vastned's organisation provides a truly collaborative 'family' culture in which every employee contributes to the effective implementation of the strategy. Expanding and actively managing the portfolio requires a hands-on, proactive and pragmatic organisation, for which close cooperation, good contacts and a strong local network are indispensable. As at year-end 2021, 34 individuals were employed by Vastned across the Hoofddorp, Antwerp, Paris and Madrid offices.

Stakeholder diagram



Stakeholder dialogue

Stakeholder group	Shareholders **Frequency:** Monthly **Responsibility:** Investor Relations and Executive Board	Employees **Frequency:** Daily **Responsibility:** Human Resources	Financiers **Frequency:** Quarterly **Responsibility:** Executive Board	Tenants **Frequency:** Daily **Responsibility:** Portfolio managers
Communications	• Press releases • Trading updates • Webcasts • Annual General Meeting • Surveys • Meetings	• Feedback opportunities • Sharing knowledge and experience • Team building events	• Regular meetings • Seminars • Surveys	• Regular meetings • Seminars • Surveys
Discussion points	• Strategy and results • Risks • Communication optimisation • Sustainability • Efficiency • SDGs • Trading updates • Webcasts • Annual General Meeting • Surveys • Meetings	• Personal development • Communication and feedback • Effort and commitment • SDGs	• Financial strategy • Risks • Sustainability • SDGs	• Sustainability and efficiency of buildings • Complaints and advice • Lease conditions • SDGs
Follow-up	• Updating operational or strategic objectives • Risk management • New communication channels	Talent programme • Coaching and education • Remuneration system • Promoting health and well-being of employees	• Adjusting operational or strategic goals • Hedging risks	• Operational improvements • Investing in lettable units

Financiers

Loan capital providers and equity providers enable Vastned to invest in properties. Vastned has a conservative financing policy and aims to spread its financing over different banks and other financing sources, including the following: ABN AMRO, Belfius, BNP Paribas, ING, KBC and Rabobank. Pricoa Capital Group and AXA Real Estate en Barings have provided non-bank loans to Vastned.

Tenants

The tenants of Vastned's properties include many leading international and domestic retail brands, as well as local retailers. These organisations lease from Vastned because of the quality and uniqueness of the properties and their valuable city-centre locations. A great number of properties have offices or residential space on the floors above the retail units, which are very popular with private tenants who want to live in city centres. At year-end 2021, 418 retail tenants, 25 office tenants and 230 residential tenants leased Vastned properties.

Materiality matrix

In 2019, Vastned conducted an extensive survey to identify key topics for both Vastned and its stakeholders. Based on this survey, Vastned selected 14 material topics from a wide range of subjects. This survey will be conducted again in 2022.

The main group of external stakeholders (investors, analysts, tenants and financiers) was asked to score these topics in terms of importance. Vastned's Management Team (current Executive Committee) did the same and validated the outcome of the analysis. The combined scores form key guidelines for Vastned's sustainability strategy and general business operations. The Management Team was therefore actively involved in steering on the most material topics. Of the fourteen identified topics, Vastned and its stakeholders regarded the following five [1] as the most important [2]:

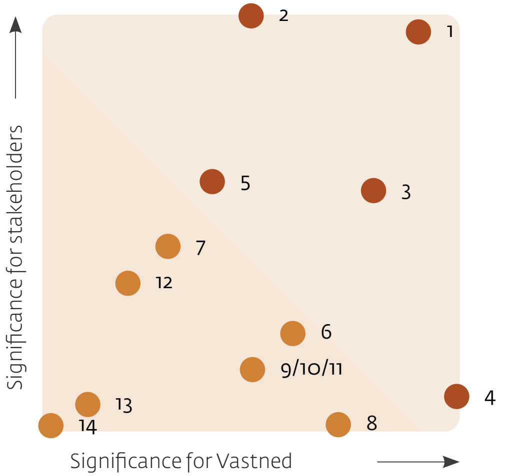
1. Stable and predictable long-term results
Vastned pursues a conservative risk policy and considers external factors in advance to ensure its results are stable and predictable in the long term.

2. Transparent and honest communication
Vastned reports on both financial and non-financial information transparently and honestly to provide our stakeholders with relevant and reliable information. The 2019 survey asked Vastned's most important external stakeholders for their opinion on the communication and, in particular, the transparency of the company's Investor Relations department. The survey found that the respondents were satisfied with the information provided and the availability of the Investor Relations department.

3. Ethical business operations
Vastned attaches great importance to responsible and ethical conduct and complies with laws and regulations and generally accepted social and ethical standards. With training and codes of conduct, Vastned provides guidelines to its employees for ethical conduct and business operations.

4. Open and inclusive culture
Vastned's organisation is a truly collaborative 'family' culture that stimulates openness and inclusiveness and takes account of every individual employee. With short communication lines, the Executive Board is in constant contact with the staff members, and the employees' personal growth and the company's growth go hand in hand. This makes Vastned an attractive employer for all colleagues, regardless of their age, gender, background or religion.

5. Sustainable and efficient buildings
By undertaking renovations, Vastned aims to improve the sustainability of buildings by making them as energy- and water-efficient as possible and positively impacting the urban environment [3].



1 **Stable and predictable long-term results**
2 **Transparent and honest communication**
3 **Ethical and honest business practices**
4 **Open and inclusive culture**
5 **Sustainable and efficient buildings**
6 Digitisation
7 Sustainable business operations
8 Preservation and improvement of cultural heritage
9 Employee health and well-being
10 Sustainable sourcing and reuse of materials
11 Talent management
12 Liveable, safe and inclusive cities
13 Informing and supporting tenants on sustainability
14 Engaging with local communities

The five material topics form an integral part of Vastned's sustainability framework, which is in line with the value creation model and the UN Sustainable Development Goals. The section 'Our objectives and results' section provides a visualisation of the relationship between the material topics, SDGs and Vastned's overarching objectives.

1) See page 216 for the exact definitions of the five material topics.
2) The way in which these five topics were selected was derived from the guidelines for sustainability reporting of the Global Reporting Initiative (GRI), an internationally recognised standard for sustainability reporting.
3) Vastned typically lets its retail assets as a shell. As a result, Vastned has only limited influence on the energy consumption of its tenants. Furthermore, the possibility of making assets more sustainable, for example by installing solar panels, is limited due to regulations for listed buildings and monuments.

Vastned's objectives and results

To realise its mission, Vastned has formulated the following objectives, which are in line with the five key material topics, the sustainability framework and the UN Sustainable Development Goals (SDGs). The table below presents the objectives along with the results of the past three years.

Vastned wants to commit itself to being a positive force in the fight against climate change. For this reason, a new sustainability target has been introduced to its objectives. The new target is set to increase the eligible asset portfolio to 25% of the total market value. These eligible assets relate to assets that can be used for green loans in line with Vastned's green finance framework.

	SDG	Objectives	Result year-end 2021	Result year-end 2020	Result year-end 2019
Stable and predictable long-term results	8.5 + 11.4	**Direct result** • Target: € 1.85 - € 1.90 per share	1.93	1.85	2.03
		Loan-to-value ratio • long term target:<40%	43.0%	43.0%	41.6%
		Ratio of loans with fixed interest rate • Target: 2/3 (fixed) – 1/3 (floating)	72.2%	70.3%	77.9%
		Share of non-bank financing • Target: >25%	34.9%	33.9%	42.6%
Transparent and honest communication	12.6 + 16.6	**Relative score on Transparancy Benchmark** • Target: top-five ranking in propertysector	First place	Third place	Third place
		Relative score on Tax Transparency Benchmark • Target: top-five ranking in property sector	Second place	Second place	Second place
		Annual report is an Integrated Report and is in line with the Global Reporting Initiative	✓	✓	✓
Ethical and honest business practices	16.6 + 16.5	**Number of integrity incidents reported to compliance officer** • Target: 0	0	0	0
		Percentage of employees confirming compliance with code of conduct • Target: 100%	100%	100%	100%
Open and inclusive culture	5.1 + 5.5 + 8.5	**Diversity within the company, Supervisory Board and Executive Committee** • Target: at least 30% men and at least 30% women	X	✓	✓
		Number of discrimination incidents reported to compliance officer • Target: 0	0	0	0
Sustainable and efficient buildings	7.3 + 12.2	**Raise the number of properties with an EPC** • Target: 75%	74%	72%	71%
		New leases with a green and ethical clause • Target: 90%	91%	99%	80%
		Percentage of renovations with attention for energy and water efficiency • Target: 100%	100%	93%	100%
		Creation and renovation of apartments	14	17	14
		Minimising and offsetting CO2 emissions in Vastned's operations operations	✓	✓	✓
		Percentage of eligible assets in line with Vastned's Green Finance Framework • Target: 25%	10%	N/A	N/A

Property

‘With our vision of embracing a never-ending celebration of life, My Jewellery encourages everyone to cherish those little things and moments that make life precious. On our website, on social media and in our boutiques, we want to invite people, as much as we possibly can, to celebrate life, so they can get into better contact with themselves and their loved ones! We are focussing on charming, inner-city locations. We have twenty boutiques in the Netherlands, and in Belgium we have one, in Antwerp, with a second in downtown Mechelen coming soon. Germany is next on the list, and then our sights are set on France. We celebrate every boutique opening with a party, the kind that you would expect from My Jewellery.’

Sharon Hilgers, Owner and Founder of My Jewellery

SPECIAL

‘Online and offline, the ultimate symbiosis’

Before she founded My Jewellery in 2011, Sharon Hilgers (32) was a French teacher. She began pursuing her extraordinary passion for jewellery by developing her webshop, and then later opened her first boutique in ‘s-Hertogenbosch. Today, My Jewellery has become one of the fastest-growing e-commerce companies in the Netherlands, with over 625 employees and twenty boutiques all over the country. ‘The physical presence in the shopping boulevards that suit our target group gives our brand extra depth.’

‘From the first day, My Jewellery focused on growing its following online and began creating a huge community that came for daily inspiration,’ says Sharon. ‘Our success is based on a smart marketing strategy. We focus on a broad target group in the mid-market segment, meaning young girls who do most of their shopping online, along with the 30+ target group, who are the ones you will mainly see in our boutiques. Online, the focus is on personal blogs, atmosphere, experience, and the top pieces and products showcased with the very best photography. What makes us stand out is our passion and love for jewellery and fashion. You can feel it in everything My Jewellery does. This gives us a broad reach online and generates a lot of traffic for us, not only in our webshop but on every social media platform. And you feel that engagement, that commitment, in our boutiques as well. When you step inside one of our boutiques, the love and passion for jewellery hit you right away. Online and offline complement each other perfectly; it is the ultimate symbiosis.’

The right shopping boulevards

‘For our boutiques, we look for the right cities, which means those with a university and colleges, and which have fun and attractive shopping areas. We go for the ultimate experience, with charming, preferably historic buildings that support this experience,’ Hilgers says. ‘These are the kind of location that you only find in inner cities. A key factor here is the right setting, which means not alongside mainstream shops, but locations that are a good fit with our brand, with attractive sidewalk cafés, coffee shops and restaurants in the immediate vicinity. We are not necessarily looking for the most expensive locations, but rather the segment just below that. Our locations are chosen to contribute atmosphere, enhance the shopping experience and give our brand an uplift. In a pleasant and fun environment, our target group gets inspired, and we lower the threshold for coming into the boutique. In combination with My Jewellery’s big online presence, this works perfectly. Like it works perfectly for our mission, which is to style you for your daily celebration of life in our affordable design jewellery and quality clothing and accessories.’

Perfect feel for the target group

‘My Jewellery’s success lies in the fact that we have a perfect feel for what matters to our target group,’ says Hilgers. ‘We are trend-makers, but we also follow the trends our customers are interested in. We keep our whole creative process in-house. We craft our waterproof pieces from high-quality, sustainable stainless steel. Our clothing line is extraordinarily contemporary and speaks to just what our community is looking for. Every collection is feminine and down-to-earth in design, with vibrant colours and a vintage, French touch; our jewellery and fashion give our community an effortless, accessible way to feel self-confident, strong and stylish. And that is what My Jewellery is about.’

My Jewellery locations in Vastned portfolio

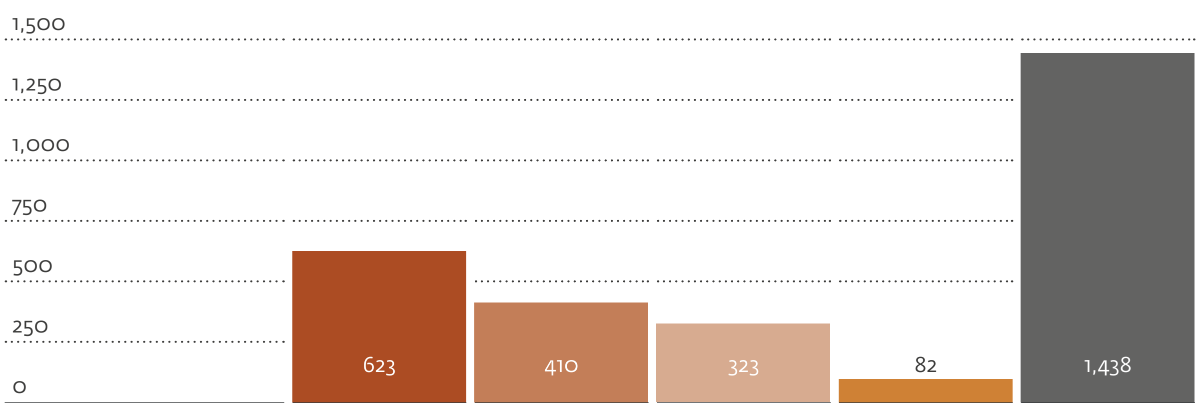
My Jewellery Arnhem
Bakkerstraat 5
Arnhem
The Netherlands
Square metres property: 355

My Jewellery Mechelen
Bruul 39-41
Mechelen
Belgium
Square metres property: 200

Key figures 2021

Portfolio key figures per country

Value of property portfolio (€ million)



	Netherlands	France	Belgium	Spain	Total
Value movement (%)	**(2.4)**	**0.7**	**(2.9)**	**(1.8)**	**(1.6)**
Number of commercial tenants 1)	254	70	111	8	443
Number of office tenants	15	10	0	0	25
Number of residential tenants	184	32	14	0	230
Like-for-like gross rental growth, incl. rent waivers (%)	(3.0)	(1.7)	11.6	(9.2)	0.7
Occupancy rate (%)	97.2%	97.2%	99.3%	100.0%	97.9%

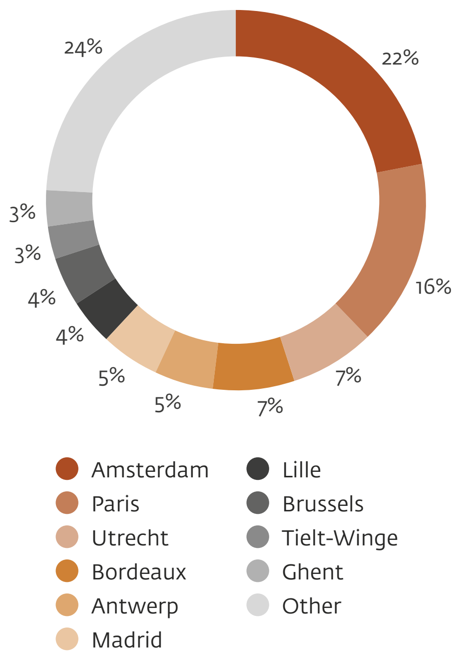
1) Excluding apartments and parking spaces.

	Total
Number of properties	271
Properties with an Energy Performance Certificate (%)	74%
Value of property portfolio (€ million)	1438
Average value per property (€ million)	5.3
Commercial lettable area (m² thousand)	205
Number of commercial tenants 1)	443
Theoretical annual rent (€ million)	71.6
Market rent (€ million)	69.8
(Over)/underrent (%)	(2.5%)
Average market rent per sqm (€)	
Netherlands	308
France	729
Belgium	242
Spain	1098
Total	**339**
Average rent per sqm (€)	
Netherlands	310
France	817
Belgium	222
Spain	1066
Total	**341**

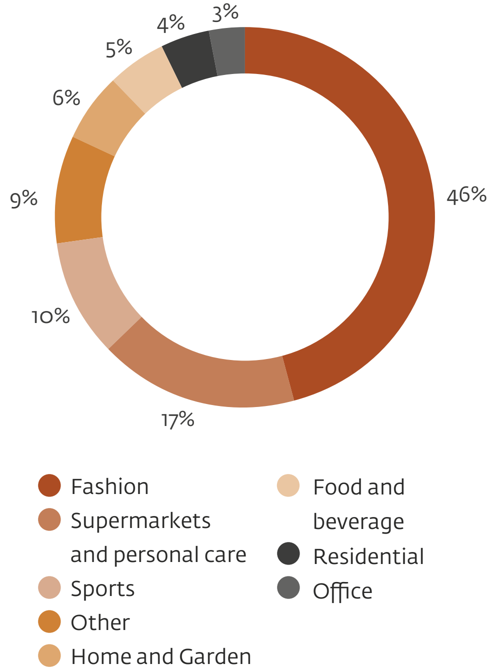
1) Excluding apartments and parking spaces.

Breakdown of the portfolio

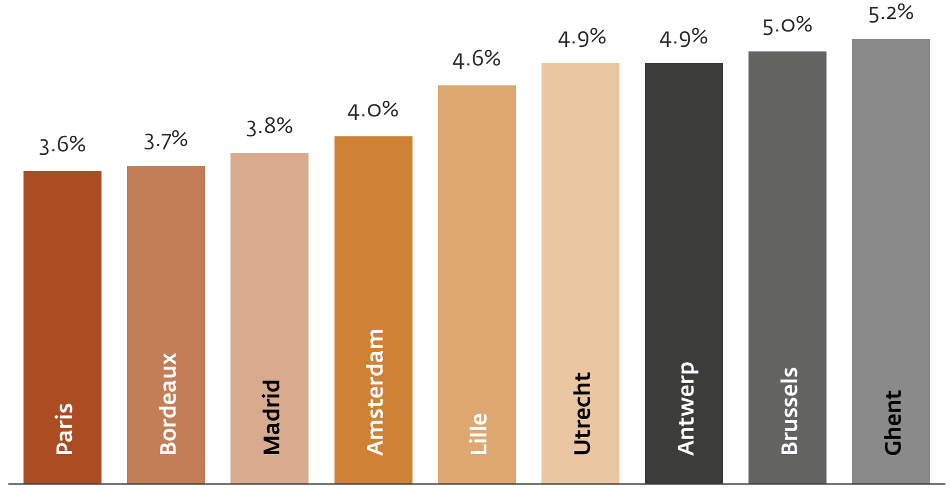
Breakdown of portfolio by % of total market value



Breakdown of portfolio by % of total annualized rent



Gross initial yield (%) 1)



1) The Gross Initial Yield is the annualised contractual rental income divided by the market value of the property.

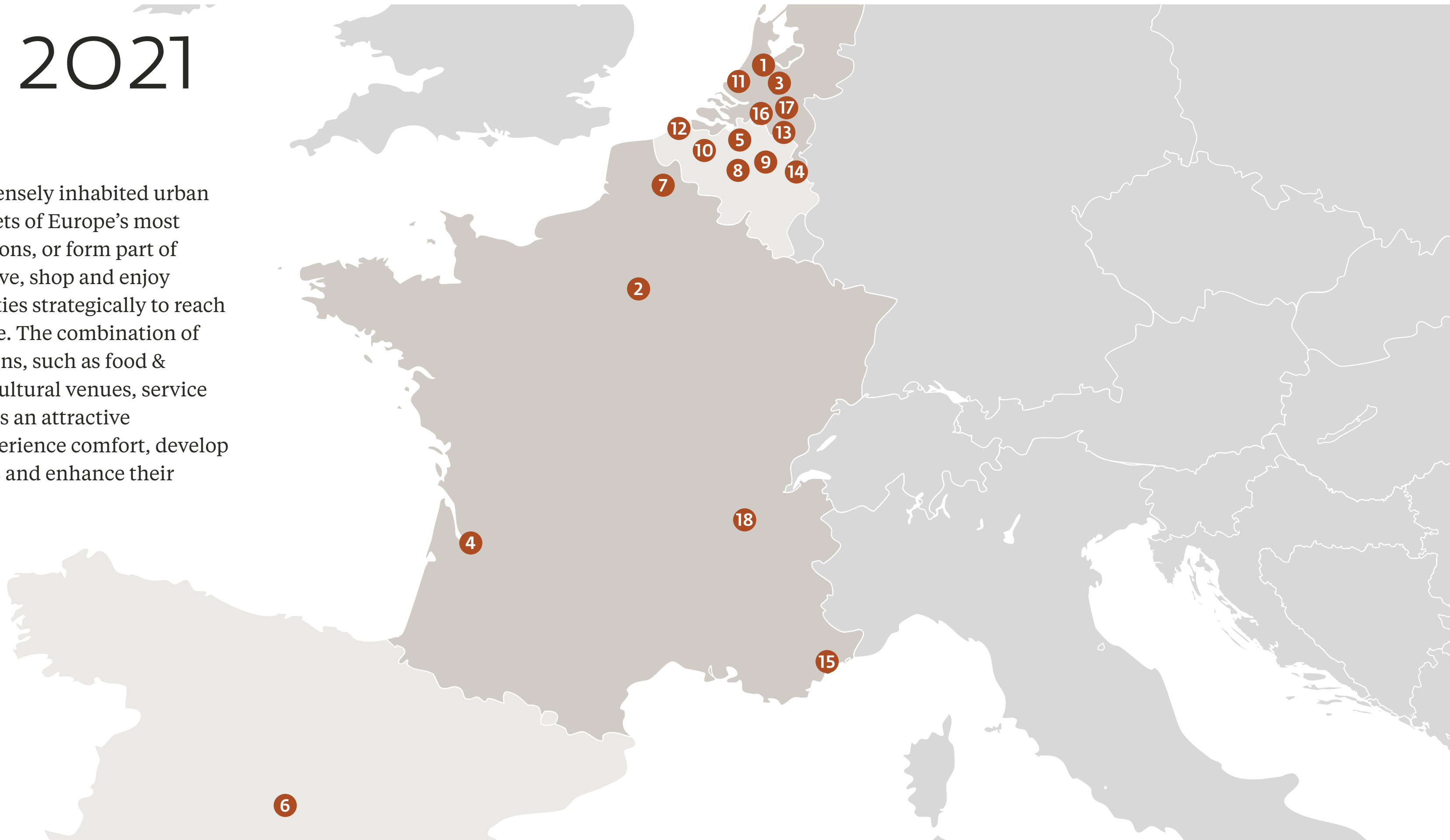
Acquisitions and divestments

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	Total
Acquisitions	0	0	14	49	38	76	164	103	104	111	659
Divestments	18	11	12	71	123	95	87	261	271	146	1095
Total	18	11	26	120	161	171	251	364	375	257	1754

(€ million)

Portfolio 2021

Most of Vastned's assets are located in densely inhabited urban areas that include the most popular streets of Europe's most attractive cities. These assets offer locations, or form part of urban areas, where people meet, work, live, shop and enjoy themselves. Tenants select these properties strategically to reach consumers, inhabitants and visitors alike. The combination of stores and other people-oriented functions, such as food & beverage locations, entertainment and cultural venues, service points and other leisure offerings, creates an attractive environment where people feel safe, experience comfort, develop curiosity, engage, enjoy new experiences and enhance their well-being.



VALUE OF THE PORTFOLIO

1. AMSTERDAM € 318 million	**4. BORDEAUX** € 98 million	**7. LILLE** € 63 million	**10. GHENT** € 36 million	**13. EINDHOVEN** € 18 million	**16. BREDA** € 12 million
2. PARIS € 224 million	**5. ANTWERP** € 76 million	**8. BRUSSEL** € 59 million	**11. THE HAGUE** € 31 million	**14. MAASTRICHT** € 18 million	**17. 'S-HERTOGENBOSCH** € 9 million
3. UTRECHT € 106 million	**6. MADRID** € 72 million	**9. TIELT-WINGE** € 43 million	**12. BRUGES** € 27 million	**15. CANNES** € 12 million	**18. LYON** € 6 million

Review of the property portfolio

Introduction

The value of the property portfolio was € 1,438 million at year-end 2021 (year-end 2020: € 1,479 million).

10 largest tenants at year-end 2021	Theoretical gross rental income (€ million)	Theoretical gross rental income (%) of total	Number of properties	Area (sqm thousand)
1. H&M	5.3	7.5	7	14.3
2. Inditex	4.3	6.0	7	10.3
3. Fast Retailing	2.7	3.8	2	3.3
4. JD Sports	2.3	3.1	3	2.7
5. A.S. Watson	1.9	2.7	12	5.4
6. LVMH	1.8	2.5	4	1.5
7. Skechers	1.3	1.8	1	0.7
8. Ahold	1.2	1.7	5	7.2
9. Nespresso	1.2	1.7	2	0.9
10. Jumbo	1.2	1.6	3	5.6
Total	**23.2**	**32.4**	**46**	**51.9**

10 largest portfolios at year-end 2021	Book value (€ million)	Theoretical gross rental income € million)	Occupancy rate (%)	Number of tenants	Area (sqm thousand)
1. Amsterdam	318.0	13.0	99.3	50	16.7
2. Paris	224.3	8.4	96.5	19	7.0
3. Utrecht	106.3	5.7	97.5	42	16.3
4. Bordeaux	98.2	4.1	96.1	18	6.4
5. Antwerp	76.3	3.8	98.9	19	7.0
6. Madrid	71.7	2.7	100.0	6	2.1
7. Lille	63.2	2.9	100.0	27	6.2
8. Brussels	59.0	2.9	100.0	11	8.8
9. Tielt-Winge	42.5	2.6	100.0	22	18.1
10. Ghent	36.2	1.9	100.0	5	7.0
Total	**1095.7**	**48.0**	**98.5**	**219**	**95.8**

Occupancy rate

Vastned considers its high overall occupancy rate as evidence of the quality and attractiveness of its property portfolio. At year-end 2021, the occupancy rate of the total portfolio was 97.9%.

Occupancy Rate (%)	**31-Dec-21**	31-Dec-20
Netherlands	97.2%	95.2%
France	97.2%	98.5%
Belgium	99.3%	96.2%
Spain	100.0%	100.0%
Total	**97.9%**	**96.5%**

Leasing activity

In 2021, Vastned concluded 92 leases for a total annual amount of € 12.4 million, or 17.4% of the total theoretical annual gross rental income. In 2020, in comparison, Vastned concluded 71 leases for a total annual amount of € 9.6 million, or 12.9% of the total theoretical annual gross rental income.

In the Netherlands, Vastned concluded new leases with multiple tenants. For example, new leases were concluded with Samsung in Breda, Jumbo in Joure and Doorwerth, My Jewellery in Arnhem and Mano Bowls in Amsterdam. Vastned also renewed leases with Schaap en Citroen, Mulberry, Stone Island, A.S. Watson, Massimo Dutti and McDonald's.

In France, new leases were concluded with Une Bulle in Paris, Falconeri, Desigual and My Cosmetik in Bordeaux, and Bolia, Sinéquanone and Hero Seven in Lille. Vastned also renewed leases with BA&SH and Palais des Thés.

In Belgium, new leases were concluded with Coolblue and Sleepworld in Wilrijk, Footlocker in Brussels and My Jewellery in Mechelen. Vastned also renewed leases with Aldi, A.S. Watson, ICI Paris XL, JBC and Massimo Dutti.

The 92 leases Vastned concluded resulted in a rent decrease of € 0.6 million (4.5%).

2021	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Total	92	12.4	17.4%	(0.6)	(4.5%)

Like-for-like gross rental income

The like-for-like gross rental growth in 2021 was 0.7% positive, compared to 5.5% negative in 2020, 3% negative in 2019, 0.8% positive in 2018 and 1.3% positive in 2017.

In 2021 we observe that the like-for-like gross rental growth was negative when excluding waivers compared to when they are included. This is mainly driven by Belgium where significantly less waivers were given in 2021 compared to 2020. This will be discussed in more detail in the profit section.

	Like-for-like gross rental growth 2021				
(% of gross rental income)	Netherlands	France	Belgium	Spain	Total
Total portfolio (incl. rent waivers)	(3.0)	(1.7)	11.6	(9.2)	0.7
Total portfolio (excl. rent waivers)	(3.0)	(7.8)	(2.4)	(10.2)	(4.3)

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged 5.1% of the gross rental income in 2021. This was lower compared with 2020. The difference between the actual and the IFRS lease incentives is due to the straight-lining of lease incentives over the duration of the respective contracts' terms. Waivers of past due rent due to COVID-19 are not included in the calculation of the figures below.

	Lease incentives			
(as a % of gross rental income)	2021		2020	
	Actual	IFRS	Actual	IFRS
Total	5.1	6.3	6.1	4.9

Market rent

The market rent, also referred to as Estimated Rental Value (ERV), of the various retail and residential units is determined by appraisals carried out by independent appraisers commissioned by Vastned. The market rent is important for identifying reletting opportunities and threats. Relative to the market rent, the theoretical gross rental income (the gross annual rent of the existing leases plus the market rent of the vacancy) was 102.5% of the market rent at year-end 2021 (year-end 2020: 101.9%). In actual amounts, the overrent for the total portfolio was € 0.8 million at year-end 2021.

		(Over-) or under-rented at year-end 2021	
	Theoretical gross rent (€ million)	Market rent (€ million)	(Over-) or under-rented (%)
Total	**71.6**	**69.8**	**(2.5%)**

Lease expirations

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

Customary lease durations and indexations

	Lease duration	Indexation
Netherlands	Generally, leases have a five-year duration, whereby the tenant has one or more options to renew the lease by another five years.	Based on the Consumer Price Index (CPI) 'all households'
France	Leases are normally concluded for a period of at least nine years or twelve years, whereby the tenant has the option of renewing or terminating the lease every three years.	Based on the cost-of-construction index (ICC), or a mix of the cost-of-construction index, the cost-of-living index and the retail price index (ILC) [1].
Belgium	Leases are normally concluded for a period of nine years, with an early termination option after three and six years.	Based on the health index (derived from the CPI)
Spain	Leases are normally concluded for a minimum period of five years.	Based on the cost-of-living index (CPI)

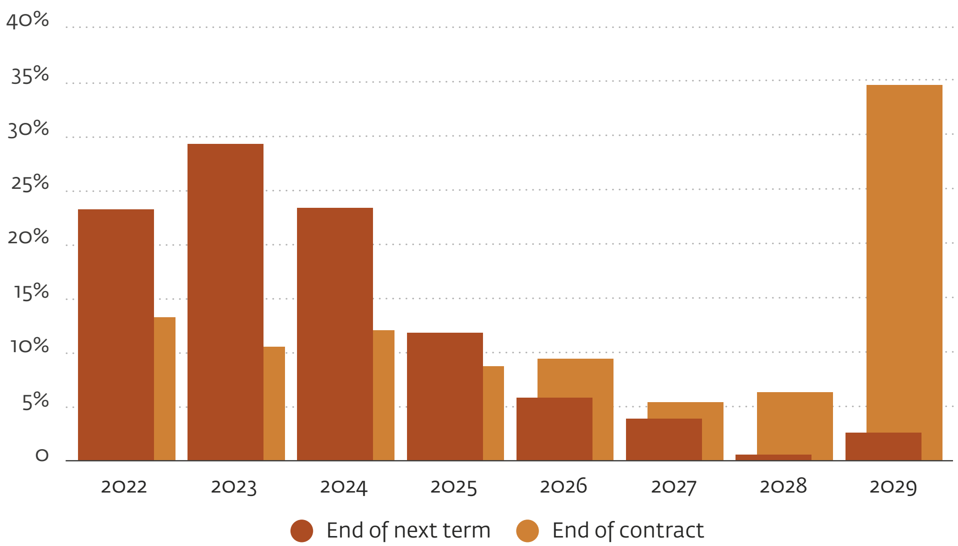
1) In France, ever fewer leases are subject to ICC indexation, because new legislation prescribes that as of September 2014 rents concluded in leases must be indexed based on the ILC index.

Average duration of leases

With respect to the expiration of leases, Vastned makes a distinction between the next termination option for the tenant (end of next term) and the option at the end of the lease (end of contract). The table below lists the expiry dates of the portfolio by category.

Average lease duration year-end 2021	End of next term	End of contract
Total	**2.6**	**5.9**

Lease expirations year-end 2021



In total, 23.2% of the leases, representing € 16.0 million in gross rental income, could be terminated or renewed in 2022.

Appraisal methodology

Larger properties, with an expected value of at least € 2.5 million, make up approximately 89% of Vastned's property portfolio and are appraised every six months by reputed external international appraisers. Smaller properties, with an expected value of below € 2.5 million, are appraised externally once a year. In Belgium, all properties are appraised quarterly.

Vastned ensures that the external appraisers have all the relevant information needed to arrive at a well-considered assessment. The appraisal methodology employed by the external appraisers is based on international appraisal guidelines (including RICS Appraisal and Valuation Standards). This appraisal methodology is explained in more detail on page 127 of the financial statements.

Portfolio value movements

The value of the property portfolio, excluding capital expenditure, acquisitions and divestments, decreased by € 23.9 million during 2021, or 1.6%, compared with year-end 2020. Considering capital expenditure, revaluations of properties sold during 2021 and movements in accruals and lease liabilities, the total decrease in value was € 26.5 million.

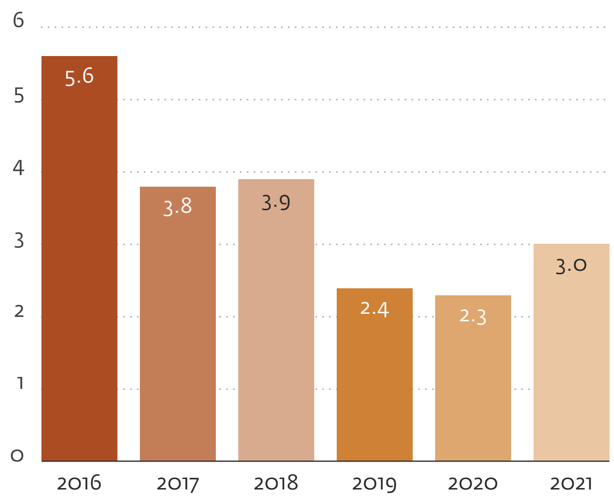
			Value movement 2021
	Portfolio value (€ million)	Value movement (€ million)	Value movement (%)
Total	**1,438**	**(23.9)**	**(1.6)**

Appraisers

Vastned makes use of the services of the following internationally reputed appraisers:
- CBRE in Amsterdam, Brussels, Madrid and Paris
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris

Capital investments

Capital investments play a relatively minor role in Vastned's portfolio. In contrast to shopping centres, high street shops do not require complete renovations every five to ten years to remain attractive for retailers and consumers. Capital investments for Vastned are limited to those that add value. This includes, where possible, adding retail floor space and creating larger lettable areas by connecting adjoining retail properties, and creating and renovating residential space and offices above shops.



Acquisitions

No acquisitions were made in 2021.

Divestments

As part of its strategy to further reduce the risk profile of the portfolio, in 2021 Vastned sold non-strategic assets in the Netherlands, France and Belgium. The divested properties had a total book value of € 17.5 million at the time of sale and a total transaction value of € 18.2 million.

Vastned sold the following properties in 2021:

Divestments

Country	City	Address
Belgium	Grivegnée	Rue Servais Malaise 25
Belgium	Boechout	Hovesesteenweg 123/127
Belgium	Leopoldsburg	Lidostraat 7
France	Paris	Rue d'Alésia 123 - only parking places
Netherlands	Middelharnis	Westdijk 22-24
Netherlands	Breda	Ginnekenstraat 80
Netherlands	Winterswijk	Weurden 2-4
Netherlands	Zwolle	Roggenstraat 6
Netherlands	The Hague	Lange Poten 7
Netherlands	Winterswijk	Wooldstraat 26, 26I
Netherlands	Schiedam	Hof van Spaland 35 and 40
Spain	Madrid	Calle Tetuán 19 / Calle Carmen 3

Profit

'At Vastned, we strongly believe in inner-city developments and are constantly on the lookout for interesting developments in cities that attract consumers and retailers. In France, we are active in major cities like Paris, Lille, Bordeaux, Cannes and Lyon. In Paris, we are focussing on the most attractive inner-city areas, like Rue des Francs Bourgeois, Rue Vieille du Temple (both in the Marais district) and Rue Montmartre. However, our most appealing location is Rue de Rivoli. Vastned has great properties that form a core part of this long and important street, which runs from Place de la Bastille to Place de la Concorde. Even more importantly, Rue de Rivoli has developed into the beating heart of Paris.'

Thierry Fourez, Directeur Général, Vastned Management France and Head of Asset Management

Special

Rue de Rivoli: new hotspot of Paris

'Rue de Rivoli is entering a new phase of inner-city growth and attractiveness,' explains Thierry Fourez. 'The spectacular renovation of the 150-year-old department store La Samaritaine is the crown jewel of this street's transformation. This is accompanied by a new concept: it is not just a 'temple of commerce', but also a meeting place for people, brands and experiences. Together with several other exciting developments, Rue de Rivoli is now one of the new hotspots of Paris. In less than a year, footfall here has doubled to nearly 40,000 consumers on average per day.'

'Founded in 1870 and acquired by the luxury Group LVMH in 2001, La Samaritaine was closed for many years. In 2021, its splendour is back,' notes Thierry. 'LVMH has brilliantly rescued forgotten frescoes and ornaments, restored the Eiffel-structure roof and given the building back its elegance, as well as combining its heritage with contemporary architecture. La Samaritaine is now a place of life and discovery. It is a distillation of what the French call 'L'Art de Vivre' (the 'art of living') in the heart of the city, in a neighbourhood undergoing a renaissance. Consumers are attracted by LVMH lines and labels, including Christian Dior, Fendi, Givenchy, Marc Jacobs, Kenzo, Celine, TAG Heuer and Bulgari.
The façade along the Rue de Rivoli is encased in futuristic, undulating glass, designed by the Japanese architecture firm SANAA. You can feel the vibration.'

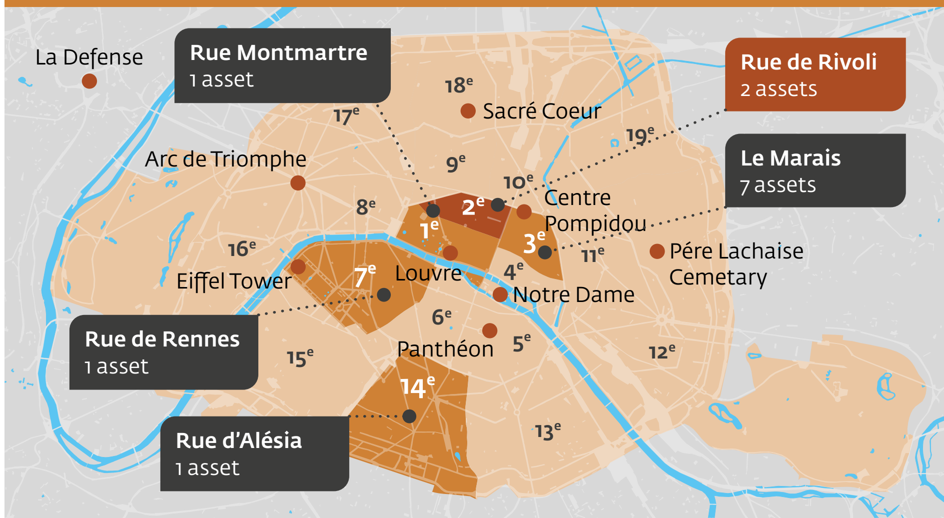
An exclusive place to be

'Other new openings also raised the profile of this famous Parisian high street,' Fourez continues, 'including the luxury hotel Le Cheval Blanc, also operated by the LVMH Group. Le Cheval Blanc is a beautiful Art Deco building with exclusive suites on 10 floors. It is a plush cocoon and a bastion of quiet seclusion. At the top of the hotel is the two-storey "Quintessence Suite," a 7,000-square-foot palace that comes with its own swimming pool. This attracts high-end visitors from around the world. It is an exclusive place to be. Other developments were the opening of an IKEA interior store focusing on design and decoration, and the opening of Uniqlo, a sought-after Japanese fashion retailer with high fashion shirts, jeans and casual wear.'

Tourism has started to return

'The opening of a contemporary art museum nearby, and the redevelopment of the old antique markets, in front of the Louvre, by the Cartier Art Foundation – which will be opened soon – are also important highlights. La Samaritaine as the core of the new success of Rue de Rivoli, in combination with all-new developments, arts and culture, attracts not only local residents but also thousands of visitors from abroad. Now, even though COVID is still with us, tourism has started to return. In this new beating heart of Paris, we have two successful properties. Vastned owns the 118 Rue de Rivoli building, which is the home of JD Sports, as well as 102 Rue de Rivoli, which houses the US sportswear brand Skechers. We also have well-occupied offices above this store. We are in the right street with the right properties,' concludes Thierry. 'The latest registered monthly footfall was approximately 1.1 million, a record!'

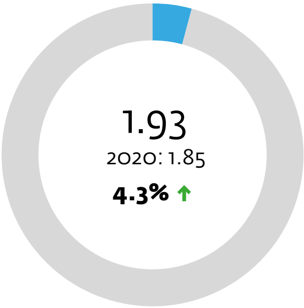
VASTNED IN PARIS



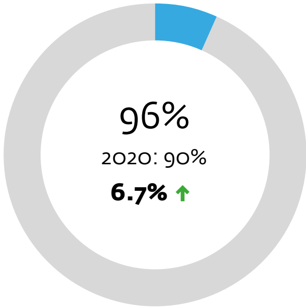
Key figures 2021

Direct result per share

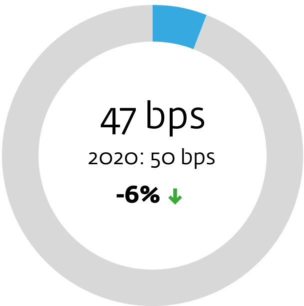
(in €)



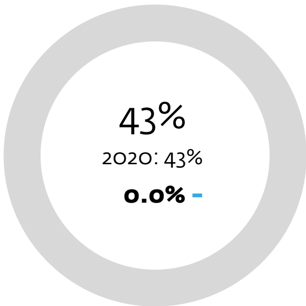
Collection rate



General expenses as % of Gross Asset Value (GAV)



LTV



Direct result

(€ thousand)

	2021	2020
Gross rental income	62,216	64,916
Other income	490	508
Net service charge expenses	(142)	(367)
Operating expenses	(5,942)	(8,039)
Net rental income	**56,622**	**57,018**
Financial income	36	14
Financial expenses	(11,906)	(13,127)
Net financing costs	**(11,870)**	**(13,113)**
General expenses	(6,707)	(7,418)
Direct result before taxes	**38,046**	**36,487**
Current income tax expense	(633)	(657)
Movement deferred tax assets and liabilities	139	155
Direct result after taxes	**37,552**	**35,985**
Direct result attributable to non-controlling interests	(4,494)	(4,258)
Direct result attributable to Vastned Retail shareholders	**33,058**	**31,727**

Indirect result

(€ thousand)

	2021	2020
Value movements in property in operation	(26,531)	(84,390)
Total value movements in property	**(26,531)**	**(84,390)**
Net result on divestments of property	234	1,497
Value movements in financial derivatives	3,584	(2,091)
Indirect result before taxes	**(22,713)**	**(84,984)**
Movement deferred tax assets and liabilities	988	4,707
Indirect result after taxes	**(21,725)**	**(80,277)**
Indirect result attributable to non-controlling interests	3,072	7,210
Indirect investment result attributable to Vastned Retail shareholders	**(18,653)**	**(73,067)**
Direct result attributable to Vastned Retail shareholders	**33,058**	**31,727**
Indirect investment result attributable to Vastned Retail shareholders	**(18,653)**	**(73,067)**
Result attributable to Vastned Retail shareholders	**14,405**	**(41,340)**

Per share (€)

	2021	2020
Direct investment result attributable to Vastned Retail shareholders	1.93	1.85
Indirect investment result attributable to Vastned Retail shareholders	(1.09)	(4.26)
	0.84	**(2.41)**

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, taxes on the above items and the portion 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 divestments of property, the non-cash portion of the interest on the convertible bond loan, the value movements in financial derivatives, the abortive purchase costs and the movements in deferred tax assets and liabilities, less the portion of these items attributable to non-controlling interests.

Notes on the financial results

Financial results (€ million)	2021	2020
Direct result	33.1	31.7
Indirect result	(18.7)	(73.1)
Result attributable to Vastned Retail shareholders	**14.4**	**(41.3)**
Result attributable to non-controlling interests	1.4	(3.0)
Result after taxes	**15.8**	**(44.3)**

Result attributable to Vastned Retail shareholders

The split of the direct and indirect results in 2021, compared with 2020 is as follows:

Total (€ thousand)	Direct result 2021	Indirect result 2021	Total result 2021	Direct result 2020	Indirect result 2020	Total result 2020
Net rental income	56,622	-	56,622	57,018	-	57,018
Total value movements in property	-	(26,531)	(26,531)	-	(84,390)	(84,390)
Net result on divestments of property	-	234	234	-	1,497	1,497
Total net income from property	**56,622**	**(26,297)**	**30,325**	**57,018**	**(82,893)**	**(25,875)**
Net financing costs	(11,870)	3,584	(8,286)	(13,113)	(2,091)	(15,204)
General expenses	(6,707)	-	(6,707)	(7,418)	-	(7,418)
Total expenditure	**(18,577)**	**3,584**	**(14,993)**	**(20,531)**	**(2,091)**	**(22,622)**
Result before taxes	**38,045**	**(22,713)**	**15,332**	**36,487**	**(84,984)**	**(48,497)**
Total income taxes	(493)	988	495	(502)	4,707	4,205
Result after taxes	**37,552**	**(21,725)**	**15,827**	**35,985**	**(80,277)**	**(44,292)**
Result attributable to Vastned Retail shareholders	33,058	(18,653)	14,405	31,727	(73,067)	(41,340)
Result attributable to non-controlling interests	4,494	(3,072)	1,422	4,258	(7,210)	(2,952)
	37,552	**(21,725)**	**15,827**	**35,985**	**(80,277)**	**(44,292)**
Per share (€)						
Result attributable to Vastned Retail shareholders	1.93	(1.09)	0.84	1.85	(4.26)	(2.41)

The result attributable to Vastned Retail shareholders, which comprises the direct and indirect results, was € 14.4 million in 2021 (2020: € 41.3 million negative). The main factor in this higher result was the increase in the indirect result from € 73.1 million negative for 2020 to € 18.7 million negative for 2021. Within the indirect result, the decrease in value of the property portfolio in 2021 amounted to € 26.5 million (2020: value decrease of € 84.4 million).

The direct result increased from € 31.7 million in 2020 to € 33.1 million in 2021. Net rental income was slightly lower, though due to a decrease in financing costs and general expenses, the direct result was € 1.4 million higher.

Result per share

The result per share attributable to Vastned shareholders was € 0.84 for 2021 (2020: € 2.41 negative). The result comprises the direct result per share of € 1.93 (2020: € 1.85) and the indirect result per share of € 1.09 negative (2020: € 4.26 negative).

In the table below, the like-for-like development is shown:

Development in direct result per share (€)	
Direct result 2020	1.85
Like-for-like growth in net rental income excluding COVID-19	(0.14)
Impact net rental income due to COVID-19	0.18
Decrease in net rental income due to divestments	(0.06)
Decrease in financing costs due to lower average interest-bearing debt	0.03
Decrease in finance costs due to change in average interest rate	0.04
Decrease in general expenses	0.04
Increase in the result attributable to non-controlling interests	(0.01)
Direct result 2021	**1.93**

Development in net rental income 2021

Total (€ thousand)	Netherlands	France	Belgium	Spain	Total
Gross rental income 2020 (IFRS)	30,280	14,213	17,084	3,339	64,916
Waivers 2020 accounted for in 2021 1)	(154)	(246)	(560)	-	(960)
Gross rental income 2020 (adjusted)	**30,126**	**13,967**	**16,524**	**3,339**	**63,956**
Acquisitions	-	-	-	-	
Divestments	(345)	-	(578)	(301)	(1,224)
Waivers of rent arrears (LfL - adjusted) 1)	19	854	2,226	30	3,129
Like-for-like rental growth	(901)	(1,093)	(380)	(311)	(2,685)
Gross rental income 2021 (adjusted) 1)	**28,899**	**13,728**	**17,792**	**2,757**	**63,176**
Other income	-	320	170	-	490
Addition to provision for expected credit losses (adjusted)	(208)	(130)	(296)	95	(539)
Operating expenses 2)	(3,798)	(1,056)	(1,438)	(212)	(6,504)
Net rental income 2021	**24,893**	**12,862**	**16,228**	**2,640**	**56,623**
Net rental income 2020	26,154	12,748	15,146	2,969	57,017
Operating expenses as % of gross rental income 2021	13.9	8.6	9.7	4.2	11.1
Operating expenses as % of gross rental income 2020	13.2	8.7	8.3	11.1	10.8

1) For like-for-like analysis purposes, an adjustment has been made in the figures in the table above compared to the IFRS-figures. This is related to the fact that the decrease of the gross rental income is partly due to the 2020 figures being impacted by the fact that at the time, many negotiations regarding rent concessions were still pending. As such, a significant part of the (expected) COVID-19 impact was not part of the gross rental income figure but accounted for as operating expenses (by means of additions to the provision for expected credit losses – net rental income). The adjustment takes this matter into account to normalize the amounts for like-for like analysis purposes.
2) Including net service charge expenses.

The table 'Development in net rental income 2021' shows the growth in gross rental income of the properties that were in operation and not under renovation or development during the two preceding full periods. For the calculation of the like-for-like rental growth, properties acquired or sold during the two preceding periods are excluded.

Net income from property

Gross rental income

The IFRS gross rental income was € 62.2 million in 2021 compared with € 64.9 million in 2020. These movements are broken down per country in the table on page 39. This table also shows an adjusted gross rental income for both 2021 and 2020: € 63.2 million and € 64.0 million respectively. These figures take into account waivers of rent arrears related to 2020 rent however accounted for in 2021. In the variances and figures mentioned below, the adjustment is included.

Acquisitions

No acquisitions were made in 2021.

Divestments

In 2021, Vastned sold € 17.5 million worth of properties. In 2020, € 11.0 million worth of properties were sold. These divestments caused the gross rental income to fall by € 1.2 million compared with 2020. The divestments in 2021 and 2020 took place in Belgium, the Netherlands and Spain.

Waivers of rent arrears due to COVID-19

As a result of COVID-19, an amount of € 2.1 million in rent arrears was waived in 2021 (2020: € 5.1 million). The waivers of rent arrears in 2021 in the Netherlands, France, Belgium and Spain were € 1.7 million, € 0.3 million, € 0.1 million and nil respectively. Based on a like-for-like comparison, waivers of rent arrears were € 3.1 million positive.

Like-for-like gross rental growth

The like-for-like rental growth of the gross rental income was € 2.7 million negative. The like-for-like gross rental growth in the Netherlands, France, Belgium and Spain was € 0.9 million negative, € 1.1 million negative, € 0.4 million negative and € 0.3 million negative respectively, as a result of a lower occupancy rate during 2021 and lease renewals with a rent decrease.

The like-for-like growth of the gross rental income, including waivers, was € 0.4 million positive (0.7%) for the total property portfolio in 2021.

Operating expenses (including net service charge expenses)

The total operating expenses excluding the allocation to the provision for expected credit losses decreased from € 6.9 million in 2020 to € 6.5 million in 2021. Maintenance costs, net service charge expenses and expenses related to administrative and commercial management decreased by € 0.6 million in total. On the other hand, insurance costs and local taxes increased by € 0.2 million.

The allocation to the provision for expected credit losses decreased from € 1.5 million negative in 2020 to € 0.4 million positive in 2021 (release of provision). The (adjusted) movement in the provision for expected credit losses from € 0.5 million negative was almost entirely related to COVID-19.

The operating expenses expressed as a percentage of the gross rental income in 2021 was 11.1% (2020: 10.8%).

Value movements in property

The value movements in property in 2021 totalled € 26.5 million negative (2020: € 84.4 million negative). The value decreases in the Dutch, Belgian and Spanish property portfolios were € 17.7 million, € 10.3 million and € 1.3 million respectively. In France, the value of property increased by € 2.8 million.

Net result on divestments of property

In 2021, Vastned sold property (based on book value) totalling € 17.5 million. Of these divestments, the Spanish, Belgian, Dutch and French property portfolios accounted for € 7.4 million, € 5.8 million, € 4.2 million and € 0.1 million respectively. The net result on the divestments realised in 2021 after deduction of sales costs was € 0.2 million.

Expenditure

Net financing costs

The net financing costs including value movements of financial derivatives decreased from € 15.2 million in 2020 to € 8.3 million in 2021. The development of the net financing costs is shown in more detail in the table below.

Development of net financing costs (€ million)

Net financing costs 2020	15.20
Decrease due to lower average interest-bearing debts	(0.40)
Net decrease due to lower average interest rate and changes in fixed/floating interest rates and working capital	(0.80)
Increase of negative value movements in financial derivatives	(5.70)
Net financing costs 2021	**8.30**

The net financing costs decreased by € 0.4 million due to lower average interest-bearing debts resulting from divestments. Due to changes in the composition of the loan portfolio (in particular changes in debt of the ratio fixed/floating interest), the average interest rate fell by 11 basis points from 1.99% in 2020 to 1.88% in 2021, reducing the interest expenses by € 0.8 million. As a result of changes in the market interest rate, the value movements of the interest rate derivatives were € 3.6 million positive (2020: € 2.1 million negative).

General expenses

General expenses were € 6.7 million in 2021 compared with € 7.4 million in 2020. Mainly as a result of a lower number of FTEs, personnel costs decreased by € 1.3 million in 2021. In addition, consultancy and accommodation costs decreased by € 0.2 million and € 0.1 million respectively. On the other hand, other general expenses increased by € 0.9 million, mainly as a result of a non-recurring item during 2020 with regard to the decision by the Belgian tax authorities to refund Vastned Belgium's overpaid listing costs of € 0.8 million.

Current income tax expense

In 2021, income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.6 million (2020: € 0.7 million).

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 1.1 million positive in 2021 (2020: € 4.9 million positive). The decrease in the provision for deferred tax in 2021 was mainly due to decreases in the value of assets in the Netherlands and Spain that are held by regularly taxed entities.

Accounts receivable and other receivables

As at 31 December 2021, Vastned realised a collection rate of 96% and had a total accounts receivable position of € 10.8 million (31 December 2020: € 12.4 million), of which € 1.9 million was provided for (31 December 2020: € 2.5 million). The total value of the accounts receivable, after deduction of the provision for expected credit losses, can be broken down according to the nature of the receivable as follows:

31 December 2021 (€ thousand)	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	1,345	(947)	398
Overdue accounts receivable related to COVID-19	1,855	(822)	1,033
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	462	(130)	332
Accounts receivable regarding pre-invoiced rent	7,152	–	7,152
Other receivables	17	–	17
	10,831	**(1,899)**	**8,932**

Part of the total accounts receivable position are receivables overdue by more than one year that are fully provided for but cannot yet be written off in connection with bankruptcies that have not yet been fully settled. These are mostly accounts receivable that are unrelated to COVID-19.

Financing structure

Financing is a key pillar of Vastned's strategy. Vastned aims for a conservative financing structure, with a long-term loan-to-value ratio of below 40%. The company also strives to diversify its financing sources; for example, by placing long-term bond loans with institutional investors (such as 'private placements'). With these private placements, Vastned has extended the duration of the long-term loan portfolio and is able to realise a better spreading of financings over lenders.

Sustainability is a key part of Vastned's mission, strategy and organisation. To anchor sustainability in Vastned's financing, the company has developed a Green Finance Framework. The aim of the framework is to (re)finance energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Within this framework, Vastned can issue a range of green financing instruments.

In 2021, the existing interest rate policy to fix the interest rate of approximately two-thirds of the loan portfolio was continued.

As at 31 December 2021, Vastned's balance sheet showed a healthy financing structure with a loan-to-value of 43.0% (year-end 2020: 43.0%) and a solvency ratio, being Group equity plus deferred tax liabilities divided by the balance sheet total, of 55.1% (year-end 2020: 55.2%).

As at year-end 2021, the loans structure had the following features:
- The outstanding interest-bearing loans totalled € 616.3 million (year-end 2020: € 633.3 million);
- The total non-bank loans amounted to € 214.9 million (34.9%) of the total outstanding interest-bearing loans;
- Long-term loans totalling € 488.3 million will expire in 2024. This amount is related to the syndicated credit facility, the private placements with AXA and Barings and a number of Vastned Belgium's credit facilities;
- 99.5% of the outstanding loans were long term, with a weighted-average duration based on contract expiry dates of 2.9 years;

- 72.2% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate derivatives and private placements;
- A good spread of rent review dates, with a weighted average duration of 3.3 years;
- The average interest rate in 2021, taking account of the interest rate derivatives agreed and the private placements, was 1.9%. The average interest rate based on the outstanding interest-bearing debt was 1.8%;
- 27.8% of the outstanding loans had a floating interest rate;
- Due to changes in the interest rate curve, the value of the interest rate derivatives increased to € 1.2 million negative (year-end 2020: € 4.8 million negative);
- The unused credit facilities amounted to € 122.0 million (€ 104.5 million at year-end 2020).

With a solvency ratio of 55.1% and an interest coverage ratio of 4.8, Vastned was compliant with all bank covenants as at year-end 2021. All financing contracts stipulate a 45% minimum solvency ratio and usually require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for putting up security.

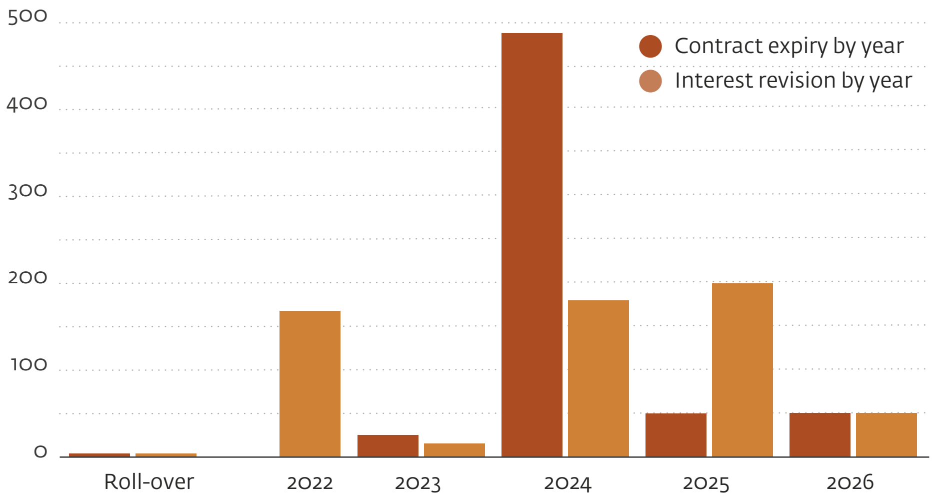
The unused credit facilities of € 122.0 million as at year-end 2021 provide ample liquidity to fulfil short-term payment obligations.

Loan portfolio as at 31 December 2021

(€ million)	Fixed interest [1]	Floating interest	Total	% of total
Long-term debt	444.9	168.1	613.0	99.5
Short-term debt	–	3.3	3.3	0.5
Total	**444.9**	**171.4**	**616.3**	**100.0**
% of total	72.2	27.8	100.0	

1) Taking account of interest rate derivatives.

Contract and interest-rate revision dates of the loan portfolio as at 31 December 2021 (€ million)



Development of net asset value per share

As a result of the combined direct and indirect result per share of € 0.84 positive, the other movements of € 0.01 positive, the 2020 final dividend distribution of € 1.73 per share and the 2021 interim dividend distribution of € 0.53 per share, the net asset value fell from € 42.98 at year-end 2020 to € 41.57 at year-end 2021.

The EPRA NRV per share as at 31 December 2021 was € 47.73 compared with € 48.60 at year-end 2020.

People

‘Shopping in a pleasant public space in the urban environment is an important and meaningful use of time. By combining shops with dining, leisure and other functions, retail is moving more and more towards becoming a recreational activity. For the consumer, shopping is “an experience with meaning” or “a memorable experience that people are happy to spend time and money on”. And when consumers enjoy their time in the city and stay longer, that means higher sales for retailers; for the city, in turn, it means the added value that creates a shopping experience that can compete with pure online shopping. The heart of the city has always been and continues to be an important pillar of an urban economy, both locally and internationally.’

‘You can create an experience, but how do you know your customer is really experiencing it? When you make it meaningful to the customer, you give it the added value that will bring them to the city.’

Paul Rodenburg, Director of B@S Retail Consultants and specialist in urban retail transformations

Special

The city always wins!

Paul Rodenburg of B@S *(Brood@Spelen)* Retail Consultants is a specialist in retail, shopping malls and inner-city development. 'The B and S in our name stand for "brood en spelen", that's Dutch for the expression "bread and circuses". It is a reference to the emperors of the late Roman Empire who won the public's favour by showering them with entertainment, food and drinks. That 2000-year-old approach has today grown into a complete economy, the "experience economy", in which shopping, dining and entertainment, and arts and culture come together.'

The city has both: the experience you create, and the customer's experience of added value

'Cities are dynamic, and over the centuries have continued to reinvent themselves to adapt to their time,' says Rodenburg. 'Simple market squares, with booths and hawkers surrounded by inns, developed into the city centres where the urban dwellers, visitors and entrepreneurs of today love to be. And even in the modern online economy, the inner city remains something indispensable. The city is, parallel to and in concert with the online world, a vital physical platform where you can find something for everyone: shops, restaurants, entertainment; home, work, public space and the built environment. The city is an experience writ large: a place where memorable moments happen, where people come together, where experience becomes meaningful.'

Helping each other transform

'The authenticity of the city environment helps the parties in it to create new experiences. Against this backdrop, property owners provide the stage that retailers need, the place where they can act. Retailers, in turn, then play to the needs of their customers, and by doing that help the consumer to define themselves and become who they are,' says Rodenburg. 'It is in the city that all these ambitions and transformations come together. Municipalities, property owners and retailers who understand this will win in the fight for the consumer's favour, with their unique locations, unique buildings and unique product ranges. Creativity is critical here. I see myself as a driver of this transformation. By connecting property, retail and the consumer in the inner city, both locally and online, to the experience economy, we create physical added value in the inner city, in the form of attraction and transaction.'

Meaningful sustainability

'The inner city as a physical platform still plays an important role in what we today sometimes refer to as the "platform economy",' says Rodenburg, 'and it will continue to do so into the coming decades. I see an important, logical connection between the city and the online world. For property and retail, this means having both a location and a nationwide, even international, reach. Alongside all the well-known national and international chains, we are also seeing a local and sustainable circular economy emerging in cities. What began as a second-hand online channel, on sites like eBay, is now becoming physically present. Small retailers, and more recently more and more big ones as well, are now focusing hard on local and sustainable circular supply chains. For the time being, this trend still mostly concerns clothing and furniture, but in the coming years, we will see it appearing in other segments, too. At the same time, we are also seeing space for old-fashioned craftsmanship returning; tailors, woodworkers and certainly establishments like breweries are on the increase right now. All around these you see new experience concepts emerging: new shops, vegan dining and so on. City centres are becoming more sustainable and circular, offering an experience with real meaning and driving a new local urban economy,' says Rodenburg. 'Even with the world at our fingertips online, we are in some sense also going back to the Roman era: the centre of town as a nexus of retail and entertainment. It is a real "back to the future" moment!'

Footfall 2021

Consumers

The city centres of large European cities such as Paris, Amsterdam, Madrid and Antwerp tend to attract far more tourism than other cities. At the same time, they function as a magnet for people living in the suburbs and surrounding communities as well. Given the vast number of people living within a one-hour drive from these city-centres, footfall figures of the prime shopping streets and areas located in those cities are incredible. This remains the key reasons for retailers to occupy the best spots.

PARIS

Population within 1 hr driving distance

12.3 million

FOOTFALL*

Rue de Rivoli

36,000

Rue des Francs-Bourgeois

20,100

Rue de Rennes

18,700

AMSTERDAM

Population within 1 hr driving distance

7.2 million

FOOTFALL*

Kalverstraat

16,900

Leidsestraat

11,400

Pieter Cornelisz Hooftstraat

5,200

MADRID

Population within 1 hr driving distance

7 million

FOOTFALL*

Calle Fuencarral

28,200

Calle Serrano

18,800

ANTWERP

Population within 1 hr driving distance

8.3 million

FOOTFALL*

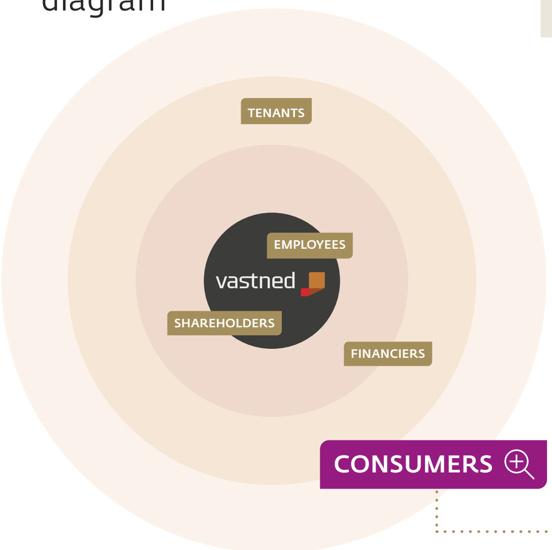
Meir

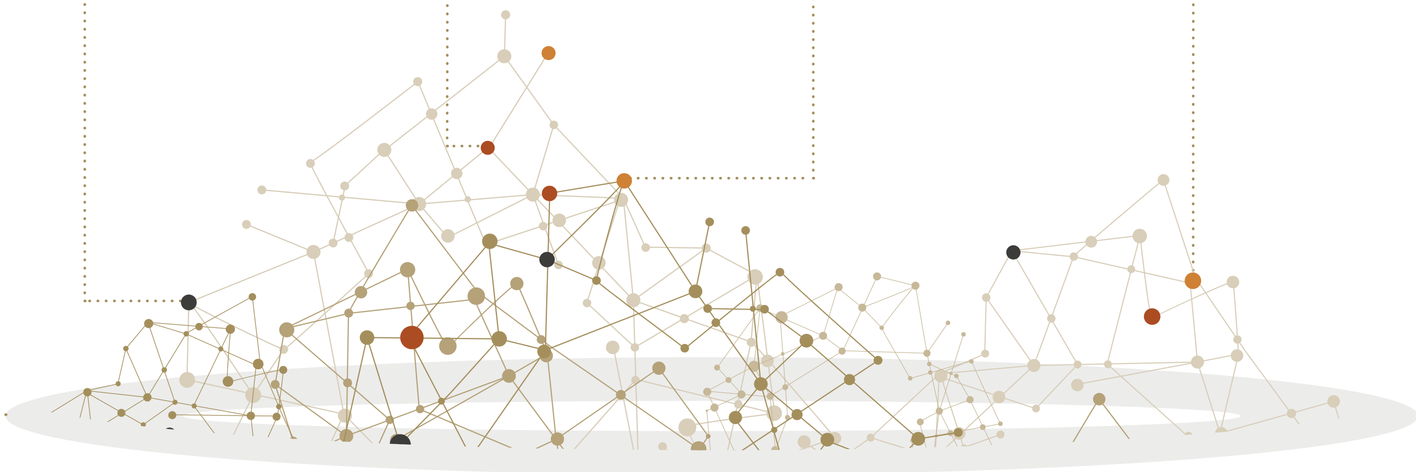
41,700

Schuttershofstraat

5,400

Stakeholder diagram





Source: BNPPRE / Locatus for footfall and KRA Research on population nearby. (*September Saturday 2021 Sample Day)

Key figures 2021

Employees

Number of employees

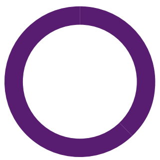
Male	Female
13	21

Employment

	Male	Female
FULLTIME	13	12
PARTTIME	0	6,7

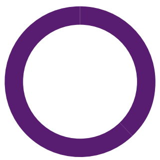
Gender diversity

SUPERVISORY BOARD



MALE
100%

EXECUTIVE BOARD



MALE
100%

OTHER DIRECT EMPLOYEES

MALE 38% FEMALE 62%

NEW HIRES THIS YEAR

2

SICKNESS ABSENCE RATE

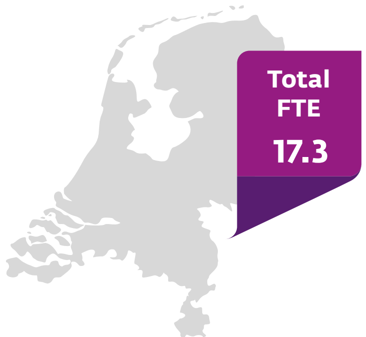
1.0%

EMPLOYEE TRAINING (HOURS PER FTE)

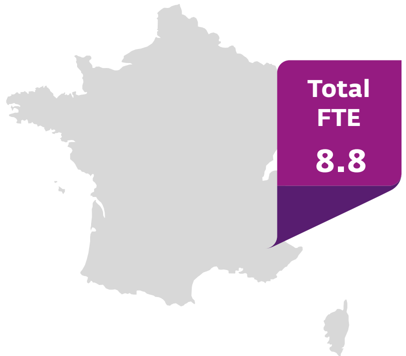
1,111

Employees per country

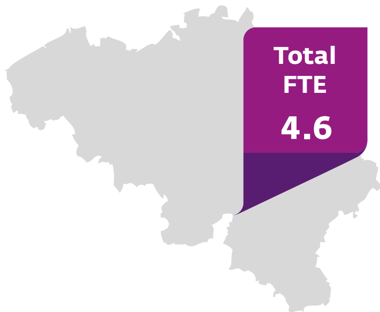
Netherlands



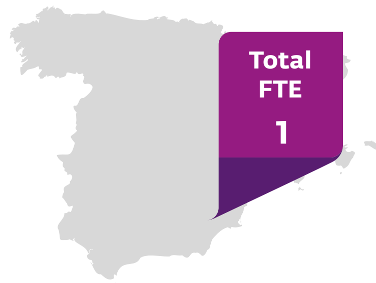
France



Belgium



Spain



People and society

Vastned properties connect people with experiences

Most of Vastned's assets are located in densely inhabited urban areas that include the most popular streets of Europe's most attractive cities. These assets offer locations, or form part of urban areas, where people meet, work, live, shop and enjoy themselves. Tenants select these properties strategically to reach consumers, inhabitants and visitors alike. The combination of shops and other people-oriented functions, such as food & beverage locations, entertainment and cultural venues, service points and other leisure offerings, creates an attractive environment where people feel safe, experience comfort, develop curiosity, engage, enjoy new experiences and enhance their well-being.

These city centres often function as a magnet for people living in the suburbs and surrounding communities. In Vastned's experience, this is also a key reason why many retail tenants and leading brands want to be in the heart of these metropolitan regions, often in historical city centres, which is exactly where Vastned owns most of its properties. Over a number of years, Vastned has developed a deep understanding of how inner-city areas function best and what mix of tenants offers the highest-quality experience for inhabitants and visitors. Ultimately, these and many other factors determine Vastned's long-term value creation.

Organisation

Employees and organisation: a crucial pillar of Vastned's strategy

Actively managing the property portfolio requires a hands-on, proactive, pragmatic organisation. Good contacts and a strong local network are indispensable. Vastned's employees play a crucial role in this respect and, in doing so, contribute to long-term value creation. Short communication lines and a horizontal organisation ensure the right dynamics. Vastned is a small but ambitious organisation with employees who are dedicated to managing a high-quality sustainable portfolio that is let to leading retailers.

Care for employees

Vastned believes it is important to stimulate its employees and to engage them in the task of realising the company's ambitions together while creating long-term value. Vastned views promoting the health and welfare of staff members as fundamental to a well-functioning organisation, which is why the company actively invests in the training, health and social engagement of all of its employees.

Employees are encouraged to regularly refresh their knowledge and undertake relevant training. 47% of Vastned's total workforce took courses in 2021. Vastned also offered employees half-price gym memberships, as well as the opportunity to participate in an online health and wellness programme (Virgin Pulse Go). The programme offers employees advice and support for a healthy and sustainable lifestyle. It also encourages them to stay in touch with each other, including when working remotely, thereby supporting the team's well-being.

An annual appraisal interview is held with every employee. During these meetings, challenging targets are agreed upon by both parties that advance Vastned's objectives and build on the employee's individual competencies to align their personal development with Vastned's interests. As an added incentive, Vastned pays variable bonuses, which are determined by the extent to which an employee achieves his or her targets.

One integrated organisation with local knowledge and experience

Vastned works with local teams across its offices in Hoofddorp, Antwerp, Paris and Madrid. The Executive Committee meetings take place at the company's Hoofddorp head office, except for during the recent lockdowns. Depending on their size, the country teams perform the following roles: management, asset management, property management, (technical) project management and financial control. In addition, various staff positions exist in finance and control, IT, secretarial, tax and legal affairs. Most of these positions are centralised in the Netherlands. While Vastned's local teams have a high degree of independence and responsibility, they adhere to a clear 'Vastned vision' and are supported intensively from the head office. On 1 March 2021, an Executive Committee was established to take over the role of the Management Team. The Executive Committee is in charge with the day-to-day management of the company and supports the Executive Board in managing the company.

Sharing knowledge and experience strengthens the organisation

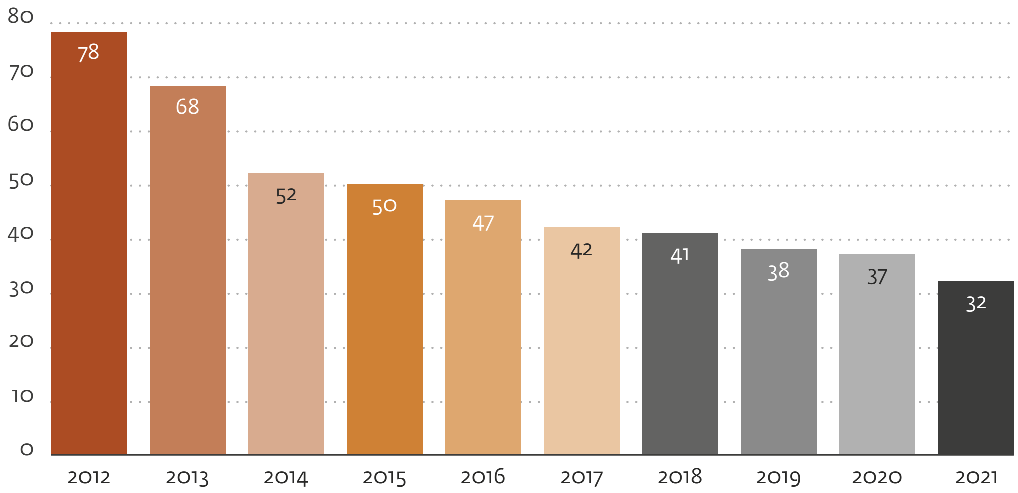
The various Vastned teams are in close contact with each other and share their knowledge and experience. These exchanges take place informally, but also during formal meetings convened twice a year. In addition to members of the Executive Committee, the meetings are widely attended by employees from Vastned's local teams. During these meetings, participants exchange experiences and contacts to support one another in lettings, but also in acquisitions and divestments. This practice enables Vastned to better assist retailers in their expansion plans. The company also invites external speakers to share their perspectives and expertise on specific subjects; for example, developments in the retail market, the expansion plans of retailers and sustainability-related developments.

Employees

At year-end 2021, Vastned employed 31.7 FTEs, or 34 persons. Vastned attaches great importance to diversity. Having a diverse mix of talents within teams ensures dynamism as well as a healthy balance of views and experiences, all of which is vital to achieving the best results. At Vastned, diversity concerns more than just the organisation's gender ratio; different backgrounds in terms of education, age and culture also play a key role.

During the past few years, Vastned has not only made big changes to the portfolio, but also to its staff complement. The number of FTEs has decreased in line with the smaller and more focused portfolio, from 78 at year-end 2012 to 31.7 at year-end 2021. This reduction primarily reflects the divestment of shopping centres and a large number of smaller properties. In 2017, Vastned further adjusted the management structure, eliminating the position of the Dutch country manager that previously sat between the Dutch portfolio managers and the CEO. This has made the organisation even more efficient. The information on our employees is compiled through our HR system which keeps track of all relevant HR information.

Development FTEs (year-end)



Number of employees	Male 13				Female 21			
Part-time vs. full-time	full-time				part-time			
	Male 13		Female 12		Male 0		Female 9	
Employees by region	Netherlands				France			
	Total FTE 17.3				Total FTE 8.8			
	Male 9		Female 8.3		Male 3		Female 5.8	
	Fixed contract 8	Temporary contract 1	Fixed contract 8.3	Temporary contract 0	Fixed contract 3	Temporary contract 0	Fixed contract 5.8	Temporary contract 0
	Belgium				Spain			
	Total FTE 4.6				Total FTE 1			
	Male 1		Female 3.6		Male 0		Female 1	
	Fixed contract 1	Temporary contract 0	Fixed contract 3.6	Temporary contract 0	Fixed contract 0	Temporary contract 0	Fixed contract 1	Temporary contract 0
Own staff vs. hired	Own staff				Hired externally			
	34				5			
Ratio of employees subject to CLA								0%


HUGO

Planet

'Fostering the residential function above shops in the city is the best way to revitalise the urban environment. Public safety, urban vitality and the economic appeal of core retail areas and feeder streets, all these things go up with residential space in retail areas. And it can be part of the solution to the housing shortage. Everyone here supports the idea, really. But in practice, there are some obstacles to overcome. There are many different parties involved and they each have their own interests. As a medium-sized property fund, Vastned is in a perfect position to advance the transformation of empty spaces above shops into living space.'

Hilko Hartog, Retail Portfolio Manager at Vastned

Special

40,000 homes above inner-city retail

Downtown is a place where people like to come, to meet other, to shop, to relax. Many inner-city areas are also historic, and simply pleasant places to spend time. But above the shops, it is often strikingly quiet and empty. It seems that across the Netherlands, there are thousands of empty floors above our retail spaces, which all in all could provide the space for 40,000 homes. 'Time for change!' says Hilko Hartog.

'The idea of creating apartments above shops is nothing new,' Hilko says. 'But it is becoming more and more of a topical issue as the nationwide housing shortage increases. We also know that inner-city areas are improved when people start living above the shops. The social control increases. And there are even government funds available to promote this development. The scale of Vastned's operation is exactly right for pursuing this kind of initiative, and that is what we are doing. But however simple the idea may sound, putting housing above a shop is more complicated than you might think'

Total approach is key

'There are a number of little issues you have to think about when it comes to residential space above retail space,' says Hilko. 'There are many parties involved. The retailer, for starters, is interested is keeping his shopfront as broad as possible and creating the most attractive possible display window across the maximum breadth of the shopfront. There may be no separate entrance to the apartment upstairs and little to no space available to make one. One solution can be an entryway shared between two broader retail spaces, a combination with a location belonging to another owner, or a side entrance, which can be a possibility with a corner location. Other impediments can be fire safety requirements, municipal parking requirements and issues with historic buildings. It is not just about preserving historic façades; in these buildings, it is generally not possible to break down the original supports or walls. All parties see things through their own eyes and think about their own obligations. What we need is an approach that takes all of these into account. One city, Utrecht, has recently created a coordination point for these types of issues, and it proves to be helping enormously.'

Perseverance

'Return on investment also plays a role,' says Hartog. 'Once we decide to invest in above-shop apartments, sustainability comes into play: double glazing, or secondary glazing on historic buildings, high-yield boilers, insulation and so on. These are investments that must pay for themselves over time. Because the locations are generally good ones, and the valuations are quite substantial, this is not an insurmountable issue. Along with a view to the big picture and long-term returns, it is mainly about perseverance, creativity and drive. And that is where our big strength lies. We are not a large player, but we are not a small player, either. We have a unique profile, and we know our market and the Dutch urban environment better than anyone. I have been doing this since 1999, so you can bet I know the locations and what goes on in them. That allows me to adapt when something comes up. I can tell you all about the transformation of creating the apartments above the shops on the Oude Gracht and in Vredenburg in Utrecht. In Amsterdam, there are also the spectacular historic buildings on Leidsestraat and the upgrading of many of our nearly 60 apartments in beautiful Ferdinand Bolstraat. In all these locations, we were able to achieve compromises with all the stakeholders and make the apartments above the shops a reality. That is good for the city, good for the residents and good for us. So, it is a win-win-win situation!'

Creation and renovation of apartments

	2014	2015	2016	2017	2018	2019	2020	2021
Amount	14	15	9	14	15	14	17	14

Key figures 2021

Portfolio

Total electricity consumption [1]
(in kWh)

618,570
2020: 623,306
1% ↓

Total energy (fuel) consumption [1]
(in kWh)

720,227
2020: 937,792
23% ↓

Use of renewable energy

100%
2020: 100%

EPRA Gold Awards

EPRA BPR GOLD

EPRA sBPR GOLD

Buildings with EPC label

74%
2020: 72%
3% ↑

EPC label between A+ and C

36%
2020: 36%
1% ↑

Market value of portfolio eligible for green financing

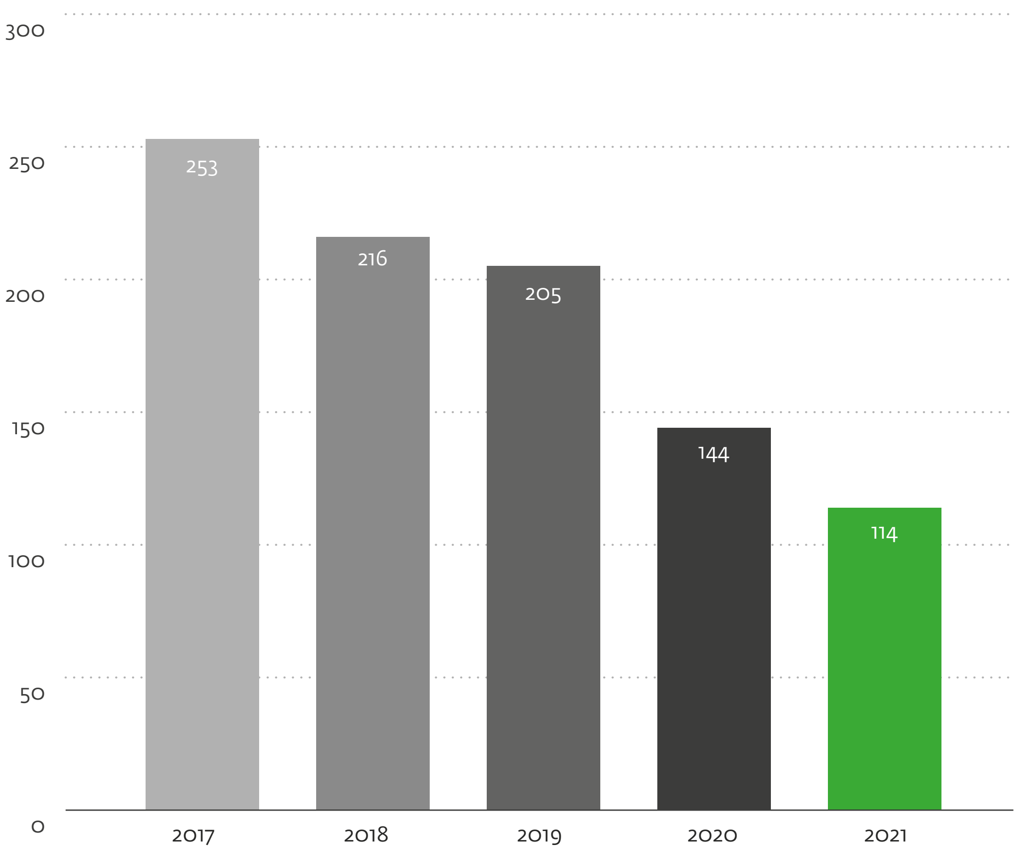
10%

1) Properties under operational control

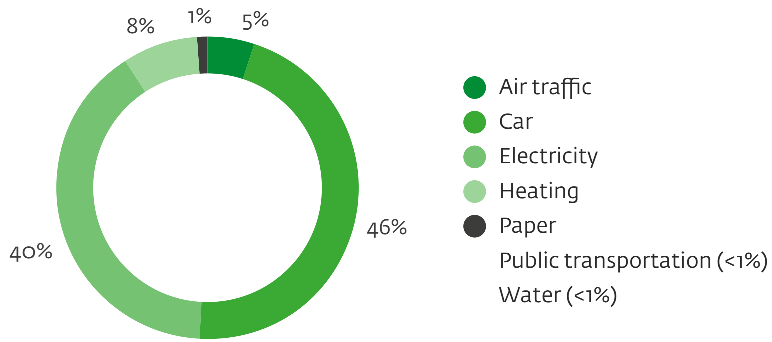
Key figures 2021

Own office

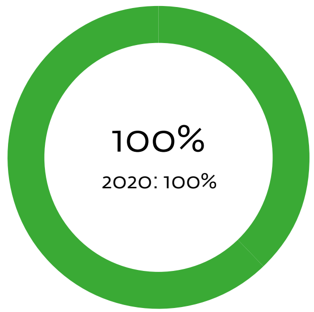
CO_2 emissions
(in tonnes CO_2)



Distribution of CO_2 emissions



Compensation of CO_2 emissions



Our approach to ESG

Vastned has embedded environmental, social and governance values within its organisational structure and believes this is key to creating long-term value for its stakeholders. The company's objectives are in line with the five most important material topics defined for Vastned, Vastned's sustainability framework, Vastned's ESG policy and the United Nations (UN) Sustainable Development Goals (SDGs). Within these goals, the preservation of cultural heritage, enhancing safety and liveability and creating sustainable and efficient buildings are key issues. Vastned strives to limit its environmental impact as far as possible and to enhance its contribution to society. An efficient and effective organisation is crucial for realising these objectives. For this reason, a high-quality organisation, a healthy work environment and the health and welfare of the employees are high on the company's agenda.

Our approach to sustainability

Vastned considers sustainability in the broadest sense as an integral part of its mission, strategy and organisation. The company has set itself the task of creating long-term value for its shareholders, tenants, employees and society as a whole. In doing so, Vastned strives to act and report as transparently as possible. To achieve these goals, Vastned has implemented a sustainability framework that links its financial and non-financial information and explains how the company's mission and values jointly contribute to the realisation of both financial and non-financial goals. Vastned's mission as a company and its sustainability mission are complementary and lead to stable and predictable long-term results, as the functional lifespan of properties in historic city centres is extended and liveability and safety in the area are improved. Vastned's values reflect its working methods. Using its materiality matrix, Vastned has formulated 'material topics' that are of great importance to Vastned and its stakeholders. The material topics are divided into three pillars: (i) enhancing the liveability of urban centers; (ii) minimising the environmental impact of our properties; (iii) and raising the satisfaction of tenants and consumers. In this way, Vastned works with sustainability in mind to maintain, expand and strengthen a high-quality portfolio.

From 2022 onwards, a new sustainability target will be introduced by Vastned to reach 25% of eligible assets in the portfolio. These eligible assets relate to assets that can be used for green loans in line with Vastned's Green Finance Framework. Subject to approval of the annual general meeting, Vastned aims to include new environmental, social and governance (ESG)-related targets in the business health test as part of the remuneration policy of its Executive Board.

Principles

- Vastned and its staff members will always comply with applicable laws and regulations;
- Vastned endorses the OECD guidelines for corporate social responsibility;
- Vastned endorses the seventeen Sustainable Development Goals of the United Nations;
- Vastned endorses the ten principles of the United Nations Global Compact for human rights, working standards, the environment, and the fight against corruption;
- Vastned endorses the Paris Climate Agreement;
- Vastned aims where possible to make a positive contribution to the environment;
- Where possible, Vastned will endeavour to extend the (economic) lifespan of its properties as far as possible and improve their energy efficiency;
- Vastned will do its utmost to preserve monuments and cultural heritage;
- As a professional organisation, Vastned continually invests in its staff, focusing especially on the health and welfare of the employees;
- Vastned and its staff members will always act fairly and ethically;
- Vastned aims to continually contribute positively to society.

Sustainability framework

Our mission

Connecting property, people and experiences in historic city centres where shopping, working, living and leisure meet.

Our sustainability mission

Creating and maintaining urban centres in a sustainable way to improve social cohesion and the functional lifespan of properties.

Vastned's values

Proactivity	Sustainability	Quality	Entrepreneurship	Team spirit

Operations

Enhancing the liveability of urban centres	Minimising the environmental impact of our properties	Raising the satisfaction of tenants and consumers
Expanding clusters of assets in major urban centres	Providing buildings with an energy performance certificate (EPC)	Securing health and safety of tenants
Creating and renovating residential space or offices above shops	Including green and ethical clauses in lease agreements	Secure long-term economic performance
Preserving monuments and cultural heritage	Continuing energy-saving programs	Fostering transparency and communication

Foundation

Ethics, integrity and anti-corruption	Open and inclusive culture	Transparent and honest communication	Promoting health and well-being of employees

Sustainable Development Goals

In 2015, the United Nations formulated seventeen key development goals for the period up to 2030. Vastned takes inspiration from the UN Sustainable Development Goals and acknowledges their importance. The company has identified the following six main goals to which it can contribute and has included them in the core values of the business strategy:

- 1. Equal rights for men and women;
- 2. Access to affordable and sustainable energy for all;
- 3. Employment and decent work for all;
- 4. Safe, sustainable and resilient cities;
- 5. Sustainable consumption and production; and
- 6. Promoting security, public services and justice for all.

The following ten goals and subgoals have been included in Vastned's financial and non-financial objectives:

Environmental

- Access to affordable and sustainable energy for all;
- Safe, sustainable and resilient cities;
- Sustainable consumption and production.

Social

- Equal rights for men and women.

Governance

- Employment and decent work for all;
- Promoting security, public services and justice for all.

SDG: 5.1
End all forms of discrimination against women and girls.

SDG: 5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.

Explanation: By ensuring an open and inclusive culture, Vastned intends to combat all forms of discrimination within the organisation. The company has defined a diversity and inclusion policy that aims to create equal opportunities for everyone in the organisation. This aim finds its concrete implementation in the intention for the Executive Board, the Supervisory Board and the Executive Committee to include/be comprised of at least 30% women and at least 30% men.

SDG: 8.5
By 2030, achieve full and productive employment and decent workplaces for women and men, young people and persons with disabilities. Equal pay for work of equal value.

Explanation: Employees come first for Vastned, and the company helps to create a pleasant work environment for all its workers. By focusing on long-term results Vastned employees can grow in a stable work environment in step with the organisation (for more information please refer to the 'People' chapter).

SDG: 11.4
Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Explanation: The majority of Vastned's portfolio is designated as listed monuments and/or is located in urban conservation areas. Vastned feels a strong responsibility to increase the functional lifespan of these properties. Regular maintenance is done on the properties, and the shops and houses are renovated.

SDG: 7.3
Double the global energy efficiency improvement by 2030.

SDG: 12.2
By 2030, achieve sustainable management and efficient use of natural resources.

SDG: 12.6
Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Explanation: Vastned endeavours to optimise the lifespan of all its properties. With this aim in mind, properties must be managed sustainably and efficiently, making use of their original components as much as possible in view of their protected status as monuments. In such work, sustainable and recycled materials are used as much as possible. By setting a high bar for transparency, Vastned also encourages other companies in the property sector to report on non-financial information.

SDG: 16.3
Promote compliance with national and international laws and regulations. Ensure equal access to justice for all.

SDG: 16.5
Substantially reduce corruption and bribery in all their forms.

SDG: 16.6
Develop effective, accountable and transparent institutions at all levels.

Explanation: Corruption is countered by actively complying with laws and regulations and by making employees aware of them through training and using codes of conduct. By continuously working towards transparent, fair and ethical communication with its stakeholders about its activities, Vastned contributes to the development of transparent institutions in the property sector.

ESG policy

Vastned has developed an ESG policy to communicate its view on multiple ESG-related topics. To identify the relevant ESG topics for Vastned to include in this policy, the ESG topics for Real Estate Investment are considered as recommended by the UN Principles for Responsible Investment (PRI). The ESG policy addresses many topics under each of the three headings: Environmental, Social and Governance. Whilst all ESG topics are important, certain topics are more critical to the operations of Vastned. Vastned therefore regularly conducts a 'materiality assessment' on a broad range of sustainability topics based on input from various stakeholders, including shareholders, employees, financiers, and tenants. The outcome of this materiality assessment encourages Vastned to update the topics included in this ESG policy to align with the expectations of key stakeholders.

UN Principles for Responsible Investment

Environmental	Social	Governance
Biodiversity and habitat	Community development	Anti-bribery and money laundering
Climate change	Health and safety	Cybersecurity
Land contamination	Human rights	Data protection and privacy
Energy consumption	Inclusion and diversity	Legal and regulatory fines
Greenhouse gas emissions	Labour standards and working conditions	ESG clauses in existing leases
Indoor environmental quality	Social enterprise partnering	
Location and transportation	Stakeholder relations	
Materials	Occupier amenities - showers, changing rooms.	
Pollution	Controversial tenants	
Resilience to catastrophe/ disaster		
Renewable energy		
Sustainable procurement		
Waste management		
Water consumption		

Reporting

Vastned believes that its reporting must be consistent, frequent, and transparent, and is convinced this is an important responsibility for a listed company. The content of our report is based on the outcome of the materiality assessment and the strategy of Vastned. Hereby we ensure that stakeholders perspectives are considered when deciding on reporting content and relevant sustainability-related topics. The last version of this annual report was published on the 4th of March 2021.

Internal

In the frequent meetings of Vastned's Executive Committee, developments in the area of sustainability are discussed. The Executive Committee meetings deal with various topics, including the following:

- Progress in the realisation of current objectives;
- Potential objectives;
- Developments in reporting and communication;
- Assessment of results;
- Current sustainability topics;
- Capital expenditures and energy-saving measures that will be taken.

External

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

Transparency Benchmark

The Transparency Benchmark is a study by the Ministry of Economic Affairs and Climate Policy into the qualitative and quantitative development of corporate social responsibility (CSR) reporting by larger Dutch companies. Vastned is committed to report in accordance with the Transparency Benchmark. In the most recent survey, which was conducted in 2021, the company was awarded first place in the property sector, achieving its ambition to be among the top five property companies. The survey is conducted every two years, with the next edition taking place in 2023.

Tax Transparency Benchmark

In late 2021, the Association of Investors for Sustainable Development (VBDO) presented the Tax Transparency Benchmark 2021, a report in which 77 listed companies in the Netherlands were compared in terms of tax transparency. Vastned secured 28th position out of the 77 companies surveyed, gaining second place in the property sector, once again achieving its aim to be among the top five property companies.

Taxes

Vastned strongly believes all companies should comply with tax regulations in the country where they are based, and that aggressive tax planning should be expressly avoided. Some countries have special tax regimes for property investments, such as the FBI regime in the Netherlands, the GVV regime in Belgium and the SIIC regime in France. More information on this is presented in Vastned's tax policy on page 72. The policy was defined in consultation with stakeholders, such as shareholders and interest groups.

EPRA Best Practices Measures

Vastned is committed to reporting in accordance with the EPRA's financial and social guidelines. For over ten years, Vastned has reported its financial results in accordance with the EPRA's Best Practice Recommendations (BPR); each of its reports in the past has won the EPRA's BPR Gold Award. Since 2016, Vastned has also reported in its annual report in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR) for sustainability reporting. In 2021, Vastned's reporting on 2020 won EPRA's sBPR Gold Award for the fifth consecutive year.

Integrated Reporting and Global Reporting Initiative

The 2021 annual report is Vastned's fourth consecutive fully integrated annual report. This report has been prepared in accordance with the GRI Standards: core option (see the GRI table in appendix).

Verification of non-financial information

Currently, Vastned's non-financial information is not being audited by an external auditor. Vastned has entered collaborations with five external parties to guarantee the accuracy of the non-financial information in the following ways:

- Sustainalize supports Vastned in analysing and measuring the needs of its stakeholders. Sustainalize also assists Vastned in correctly reporting in accordance with international reporting standards and creates the GRI tables in the appendix;
- Sustainalytics has supported Vastned in reviewing and verifying the Green Finance Framework by providing a Second-Party Opinion on this framework. In addition, Sustainalytics conducts an annual review of the 'allocation and impact report' presented in this annual report. Sustainalytics' review report on the 'allocation and impact report' can be found on the Vastned website;
- Vattenfall provides data regarding the use of gas and electricity within the portfolio;
- Climate Neutral Group supports Vastned in collecting energy data from its own offices in the four countries in which Vastned operates;
- JLL supports Vastned in aggregating its energy data and ensures that this is done in accordance with the relevant EPRA standard.

By entering collaborations with these five parties, Vastned has developed an internal process to ensure the accuracy and completeness of the non-financial information.

Use of green energy and offsetting of CO_2 emissions

With regard to its own energy consumption, in 2021 Vastned made use of electricity from Dutch wind power and green gas. In addition, in collaboration with Climate Neutral Group, Vastned fully offset its CO_2 emissions from heating, electricity, water and paper use relating to the Vastned offices, including emissions from its employees' air, train and car travel. This is achieved by purchasing CO_2 credits based on the Gold Standard, which supports projects that reduce CO_2 emissions. In 2021, Vastned caused and offset emissions totalling 114 tonnes of CO_2 equivalent (CO_2e), compared to 144 tonnes of CO_2e in 2020. This decrease was mainly due to Vastned moving its head office to Hoofddorp in 2021, with employees who are encouraged to work from home more within this new working environment.

Environmental impact

Vastned normally lets its properties as a shell, meaning that the tenant is responsible for energy connections and energy consumption. Vastned has only limited influence on the energy consumption of its tenants and is only responsible for the energy consumption of a limited number of general areas in the portfolio, as well as that of its own offices. This constitutes a risk for Vastned because it is difficult to provide an insight into the environmental impact of its portfolio. Energy performance certificates (EPCs) are an opportunity for Vastned to gain an insight into the energy consumption of its portfolio. In this way, in 2021 Vastned was able to concretely implement its objectives to limit its environmental impact wherever possible.

When Vastned renovates or redevelops a property that is not leased as a shell, the company always makes sure that all materials and appliances used comply with environmental regulations, and health and safety standards. Vastned always sources its materials responsibly and uses recycled materials as much as possible. Where this is not possible, it uses quality marks such as the Forest Stewardship Council (FSC) quality mark to ensure materials have been sourced responsibly. When it installs appliances, Vastned always makes sure they are energy-efficient, for example by using high-efficiency boilers, efficient dishwashers and LED lighting.

Energy Performance Certificate

The number of commercial units with an EPC increased from 72% at year-end 2020 to 74% at year-end 2021. In the Netherlands, France, Spain and Belgium, the proportion of properties with an EPC is 95%, 98%, 100% and 7% respectively. In Belgium, Vastned will continue to obtain EPC's for the portfolio in 2022.

Contribution to society

Vastned has been including a green and ethical clause in new leases to make its tenants aware of their impact on the environment and on society. This clause addresses subjects such as the use of natural resources, the circular economy model, the International Labour organisation, international codes and standards of conduct, human rights, child labour and animal welfare. In 2021, the company succeeded in adding a green and ethical clause to 91% of all newly concluded leases for retail assets.

EU Taxonomy

In 2020, the European Commission launched its Green Deal, a strategy to make Europe the first climate-neutral continent by 2050. Key objectives in achieving this goal include reorienting capital flows towards sustainable investments and increasing transparency. In light of these objectives, a classification system for sustainable activities is being developed, called the EU Taxonomy. The EU Taxonomy should provide investors with a common language to determine sustainable economic activities. Larger companies must disclose which part of their revenue, CapEx and OpEx meet the criteria for sustainability listed in the EU Taxonomy. Companies can thereby provide investors and other stakeholders with the insights they require to make informed investment decisions. In total, the European Commission will publish six annexes with environmental objectives concerning climate change mitigation, climate change adaptation, water, pollution, biodiversity and circularity. Companies falling under the scope of the EU Non-Financial Reporting Directive (NFRD), which is not the case for Vastned, are obligated to report on specific elements of the EU Taxonomy for the first time in 2021. For 2021, companies are required to report on their share of 'eligibility' for two of the six annexes: climate change mitigation and climate change adaptation. In the coming years, companies will also have to report on their share of 'alignment', i.e., whether the company's activity aligns with the criteria described in the Taxonomy. It is important to note that the EU Taxonomy is a living document, which will be amended and revised throughout the coming years with new economic activities, new technical screening criteria and/or new environmental or social objectives. From 2023, the EU is aiming to replace the NFRD with the EU Corporate Sustainability Reporting Directive (CSRD). Vastned will closely follow developments around the EU Taxonomy and the CSRD in 2022 to make sure it is aligned with any regulatory changes if applicable to Vastned.

Continuous effort towards improvement of Vastned's sustainability performance

As part of its commitment to being a positive force in the fight against climate change, Vastned aims to extend the (economic) lifespan of its properties as far as possible and improve their energy efficiency. Energy efficiency is measured using an EPC. Vastned aims to ensure all assets have an 'A' EPC where possible. For Vastned's growing residential portfolio, this is the standard; most of the apartments in the portfolio have a good EPC due to the significant number of renovations carried out over the years. However, due to the cultural heritage status of Vastned's portfolio and the technical limitations of its commercial units, the actions that can be taken are limited. Moreover, Vastned rents out its commercial properties as a shell, meaning the tenant is responsible for energy connections and energy consumption. Vastned has only limited influence on the energy consumption of its tenants and is only responsible for the energy consumption of a limited number of general areas in the portfolio, as well as that of its own offices. However, Vastned is working on improving the EPC of its portfolio. Only rental units with a high EPC ('A' or better in the Netherlands, Belgium and France, and 'C' or better in Spain) are eligible to be allocated to green financing instruments. Through the previously mentioned sustainability target, Vastned has signalled to stakeholders that it is committed to improve its commercial units for the years to come.

Green Finance Framework

Vastned has developed a Green Finance Framework to attract funding to (re)finance energy-efficient commercial and residential properties that contribute to the preservation of historic city centres. Within this framework, Vastned can issue various green financing instruments, such as green bonds, green private placements and green loans. The Green Finance Framework provides a set of clear and transparent criteria for issuing green finance instruments. The criteria are in line with the guidelines of the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA/APLMA, 2020).

In the framework, Vastned has set out qualification criteria for eligible assets to which the capital raised from the green financing instruments should be allocated. The qualification criteria are described in the table below and are based on the UN Sustainable Development Goals and the EU's proposed taxonomy of sustainable economic activities.

The qualification criteria are in line with those commonly used in the market for green financing instruments. Since the criteria for energy performance certificate (EPC) labels differ from country to country, there may be differences between qualification criteria in the Netherlands, Belgium, France and Spain.

SDG	Eligible assets qualification criteria	EU Taxonomy environmental target & economic activities
Eligible assets 11 SUSTAINABLE CITIES AND COMMUNITIES 7 AFFORDABLE AND CLEAN ENERGY	**Commercial and residential property that meets the following criteria:** Newly developed and existing buildings: • EPC label 'A' or better in the Netherlands. • EPC label 'A' or better, or E-level <60 in Belgium. • EPC label 'A' or better in France. • EPC label 'C' or better in Spain. **Renovations:** The renovation must achieve a saving of at least 30% on the building's primary energy demand.	**EU environmental target:** Mitigating climate change **EU taxonomy of economic activities:** • 7.1 Construction of new buildings. • 7.2 Renovation of existing buildings. • 7.3 Acquiring and owning buildings.

Allocation of eligible assets

As agreed in the Green Finance Framework, Vastned will report annually on the allocation of eligible assets to green finance instruments in the annual report.

Under the Framework, Vastned has in place a committed € 40 million Green Revolving Credit Facility ('Green RCF') as of 31 December 2020, to which ABN AMRO Bank N.V. and Coöperatieve Rabobank U.A. each participate for € 20 million. Figure 1 shows the total portfolio of eligible assets in relation to the outstanding green financing instruments. Figures 2, 3 and 4 provide more information on the distribution of the eligible asset portfolio.

At present, the portfolio in France does not include properties that meet the qualification criteria for eligible assets. In France, the portfolio consists mainly of listed buildings. It is common for such assets to have prescribed conditions for their interior and exterior appearance. This limits the opportunities for Vastned to carry out major renovations to increase the assets' EPC and to make energy efficiency improvements. Within these constraints, Vastned always aims to optimise the energy efficiency of its portfolio. Due to the limited EPC coverage in Belgium, only a few assets meet the eligibility criteria. In 2022, Vastned will continue to obtain EPC's for its portfolio in Belgium.

Figure 1: Total portfolio of eligible assets and green financing instruments issued. (€ million)

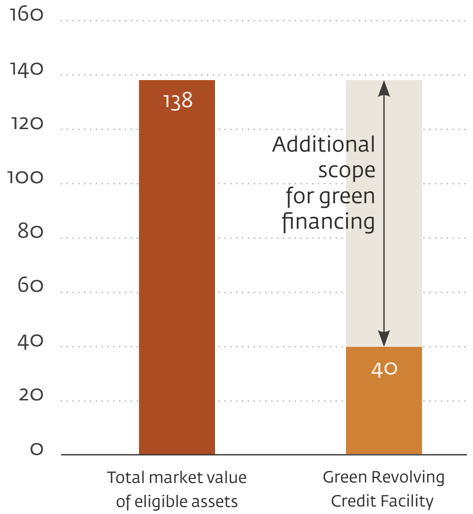


Figure 2: Distribution of eligible assets per country as a percentage of total market value.

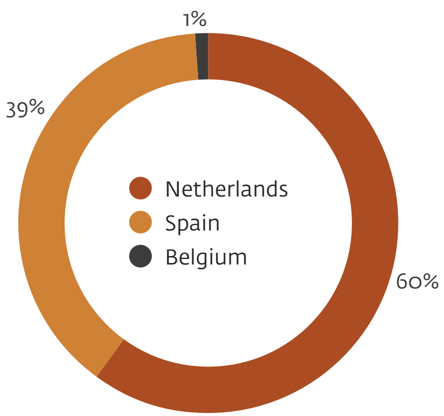


Figure 3: Distribution of eligible assets per EPC as a percentage of the total market value.

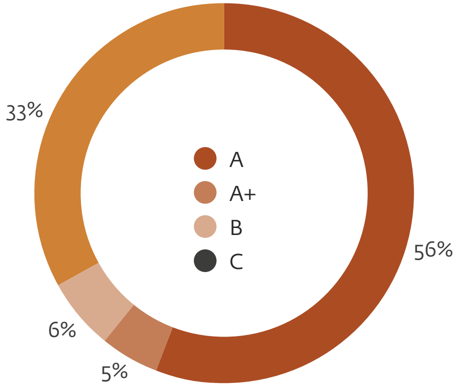
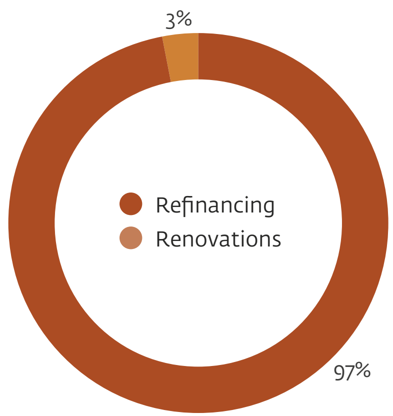


Figure 4: Allocation of capital for renovations carried out in the last 12 months and refinancing of existing eligible assets as a percentage of total market value.



Allocation overview of eligible assets

Impact reporting

Vastned recognises that there is room for improvement within the portfolio and aims to continue to improve the sustainability performance of the portfolio. Figures 5, 6 and 7 provide more information on the environmental classification of the eligible portfolio to which the net proceeds of the issued green financing instruments are allocated.

The completed sustainable renovation projects for 2021 are presented below. Eight apartments were created by means of two conversions and six apartments were renovated. Vastned aims to improve the energy efficiency, living comfort and safety of the apartments by renovating them. Energy efficiency is measured using an EPC. Only projects where the EPC has risen to 'A' are eligible to be allocated to green financing instruments.

Figure 5: Distribution of eligible assets by type of unit.

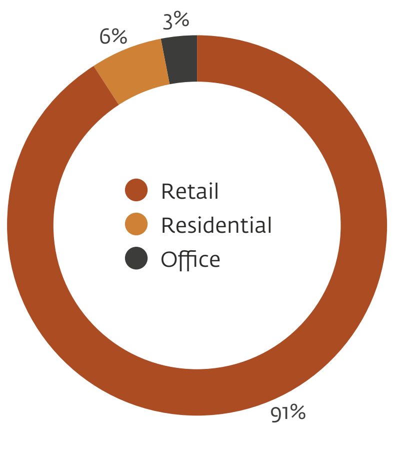


Figure 6: Distribution of eligible assets by sector as a percentage of total market value

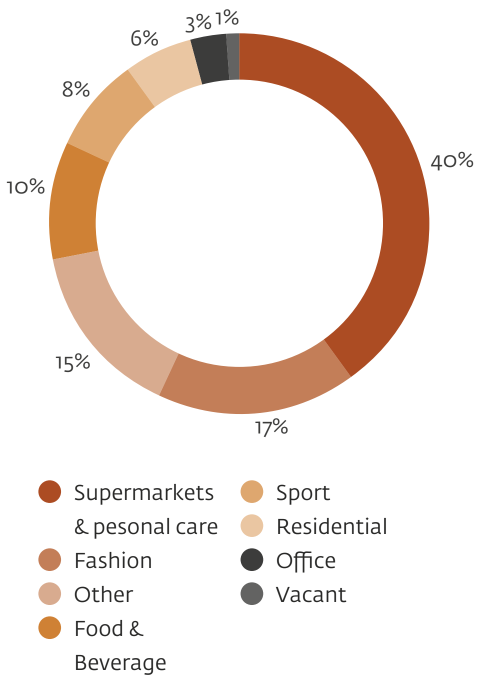
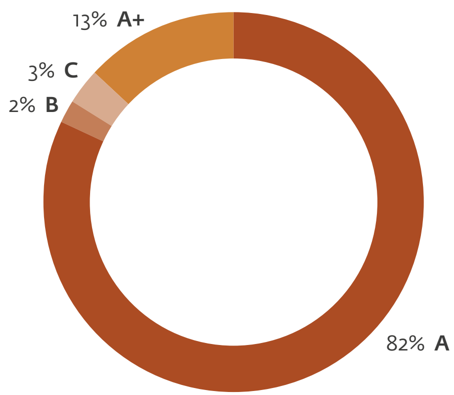


Figure 7: Distribution of eligible assets per EPC as a percentage of the total floor area.



Sustainable renovation projects in 2021

Street:	City:	EPC before:	EPC after:	Delivery date:	Comments:
Govert Flinckstraat 118	Amsterdam	G	B	Mar-21	Renovation
Zakkendragersteeg 42	Utrecht	N/A	A	May-21	Transformation of secondary space into 5 apartments
Ferdinand Bolstraat 79	Amsterdam	G	A	Jun-21	Renovation
Ferdinand Bolstraat 109	Amsterdam	C	A	Aug-21	Renovation
Jan van Hooffstraat 10	Eindhoven	N/A	A+ (2x)/A	Aug-21	Transformation of secondary space into 3 apartments
Ferdinand Bolstraat 109	Amsterdam	C	A	Sep-21	Renovation
Rue Sainte Catherine 20	Bordeaux	E	D	Sep-21	Renovation
Ferdinand Bolstraat 97	Amsterdam	G	A	Dec-21	Renovation

In 2021, Vastned also took several energy-saving measures to improve the efficiency of its commercial properties. These measures range from placing insulation in the rental units, installing air curtains and LED lights and placing smart meters for better data collection of energy consumption. For the following five properties, Vastned has taken several energy-saving measures for which the cost will be recouped within five years:

- Vinkenburgstraat 2, Utrecht;
- Drieharingstraat 6-8, Utrecht;
- Orionstraat 137-159, Eindhoven;
- Mozartlaan / van der Molenallee, Doorwerth;
- Vredenburg 9, Utrecht.

In 2022, Vastned will continue to improve a selection of its portfolio through sustainable renovation projects. The following projects will be executed in the coming year:

Sustainable renovation projects in 2022

Street:	City:	EPC before:	EPC indication after:	Expected delivery date:	Comments:
Choorstraat 9	Utrecht	G	A	Jul-22	Splitting three apartments into eight apartments
Choorstraat 13	Utrecht	G	A	May-22	Splitting one apartment into three apartments
1e Jan van der Heijdenstraat 88.1	Amsterdam	G	A	Feb-22	Renovation of one apartment
1e Jan van der Heijdenstraat 88A.1	Amsterdam	G	B	Nov-22	Renovation of one apartment

In 2022, an assessment will be made of Vastned's commercial units and how to optimise the energy efficiency of the total portfolio.

Corporate Governance

It is Vastned's ambition to match European 'best-in-class' companies in the area of corporate governance. In this context, Vastned commits to striving for the highest standards regarding compliance with the provisions in the Dutch Corporate Governance Code ('Code') and the principles and best-practice provisions contained within the Code. Vastned affirms that it has followed all principles and best-practice provisions of the Code throughout 2021.

The full text of the Code may be inspected on:
→ www.mccg.nl

Governance structure

The main Corporate Governance points can be downloaded from the Vastned corporate website:
→ www.vastned.com/en/corporate-governance

In view of the number of its employees, Vastned does not qualify as a 'structuurvennootschap' in the Netherlands. A list of subsidiaries and an explanation are provided in the financial statements on page 155.

Vastned has a two-tier governance model consisting of a Supervisory Board and an Executive Board. Integrity, transparency and accountability are key elements of the company's corporate governance and business operations. These key elements ensure Vastned pursues effective risk management, complies with legislation and regulations, and provides full transparency to stakeholders.

Composition and tasks of the Executive Board, Executive Committee and Supervisory Board

Based on Vastned's articles of association, the Executive Board consists of one or more members. Until 1 December 2020, the Executive Board consisted of two people, namely a CEO and a CFO (Reinier Walta). Following the stepping down of the former CEO on 1 December 2020, Reinier Walta temporarily assumed the duties and powers of the CEO as interim CEO. At the Annual General Meeting on 15 April 2021, Reinier Walta was appointed as Managing Director (CEO). Reinier Walta is the single member of the Executive Board and Chair of the Executive Committee.

The Executive Board is the company's statutory managing board (*statutair bestuur*) and is entrusted with the management of the company and the business associated with it. It is responsible for determining the company's mission, vision, strategy, policy and objectives, and for achieving those objectives. The Executive Board is guided in the performance of its duties by the interests and continuity of the company and the undertakings connected with it. It makes a balanced assessment of the interests of all relevant stakeholders, including tenants, financiers, shareholders, employees and society at large.

Key officers have been appointed to oversee the day-to-day management of the Company together with the Executive Board. The single member of the Executive Board and these Executives together constitute the Executive Committee. The Executive Committee has taken over the role of the Management Team as of 1 March 2021. The members of the Executive Committee, with the exception of the Chair, are appointed by the Executive Board with the approval of the Supervisory Board. The Executive Committee's aim is to contribute to long-term value creation for Vastned's stakeholders.

The Executive Board has installed one committee: the Disclosure Committee. This committee's principal role is to advise and assist the Executive Board in ensuring that adequate procedures, systems and controls are maintained to enable Vastned to fully comply with its obligations regarding the timely and accurate identification and disclosure of all information to meet the legal and regulatory obligations and requirements arising under the Dutch Financial Supervision Act, the EU Market Abuse Regulation and the requirements of Euronext Amsterdam.

The Supervisory Board supervises the policy of the Executive Board and the general course of events in the company, and the business connected with it, and assists the Executive Board by providing advice. In performing their duties, the members of the Supervisory Board are guided by the interests of the company and the undertaking connected with it and make a balanced assessment of the interests of the stakeholders. The Supervisory Board is composed of Marc van Gelder (Chair) and Jaap Blokhuis. The Supervisory Board currently has one vacancy.

The Supervisory Board has installed two committees: the Audit and Compliance Committee, and the Remuneration and Nomination Committee.

The report of the Supervisory Board is presented on page 89.

For an extensive description of the duties of the Executive Board, Executive Committee and the Supervisory Board of the Company, the way appointments, suspensions and dismissals of the members of these Boards are effected, please refer to the Articles of Association, the Regulations of the Executive Board and Executive Committee and the Regulations of the Supervisory Board. These documents are available on the Vastned corporate website:
https://vastned.com/en/corporate-governance/regulations_compliance

The curricula vitae of the members of the Executive Board, Executive Committee and the Supervisory Board are presented in this annual report on page 75-77.

Remuneration of the Executive Board and the Supervisory Board

The 2021 remuneration report for the Executive Board and the Supervisory Board is presented on page 101 of this annual report.

Shareholding of the Executive Board and the Supervisory Board

An overview of the shareholdings of the members of the Executive Board and the Supervisory Board is presented on page 154 and page 160 of this annual report. Members of the Executive Board and Supervisory Board will only hold shares in Vastned as a long-term investment and must purchase these shares at their own cost. When purchasing and selling shares, they must act in compliance with the Private Investment Transactions and Prevention of Insider Trading Policy.

The full text of the Private Investment Transactions and Prevention of Insider Trading Policy is available on the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

Transactions must also be reported to the Authority for the Financial Markets (AFM) as appropriate.

Supervisory Board retirement schedule

The retirement schedule of the members of the Supervisory Board may be inspected on the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/supervisory-board

Independence and conflicting interests

During the 2021 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.

Regulations

In 2021, Vastned updated its compliance documents.

The **Code of Conduct** was updated and clearly describes the behaviour that is expected from employees. The Code serves as a guideline for how Vastned employees should do their work with integrity and care. The Code covers various areas, including bribery and corruption, cybercrime, data protection and privacy, the use of social media and conflicts of interest.

The **Conflict of Interest Policy** provides detailed guidance on how to deal with conflicts of interest, including accepting and offering gifts and entertainment, accepting outside business activities, and upholding Vastned's zero-tolerance position on bribery and corruption.

The updated **Regulation on Incidents** forms an extension of the Code of Conduct and facilitates the reporting of (alleged) incidents to the compliance officer. It describes the steps to be followed in the event of an incident at Vastned and the business associated with it, or if such an incident is suspected. The Regulation on incidents helps to support ethical awareness as part of Vastned's company culture.

The **Whistleblower's Code** is an extension of the Code of Conduct and facilitates reporting of (alleged) incidents through a Trusted Person. The Whistleblower's Code describes the steps that are followed when (alleged) incidents are reported to a trusted person by a staff member.

The **Customer Due Diligence Policy** (CDD policy) provides rules and procedures that must be adhered to before establishing new business relationships and for regularly reviewing existing business relationships.

The **Private Investment Transactions and Prevention of Insider Trading Policy** ensures that Vastned and its group entities conduct their business with integrity. The policy has been updated to ensure that Vastned complies with the EU Market Abuse Regulation and to fully reflect the governance structure.

The **Policy on Bilateral Contacts with Shareholders** is required under best-practice provision 4.2.2. of the Dutch Corporate Governance Code.

Vastned encourages and inspires discussions with colleagues about the right thing to do in a situation. Vastned strives for an open culture where employees can be honest, treat each other with respect, share problems or dilemmas and solve these together in a transparent way. Through in-company training sessions, attention is paid to dilemmas that may arise in people's daily work or personal lives, and what integrity and taking care really means. During these sessions, all employees are made aware of the requirements under the updated policies and how to comply with these, while stimulating employees to think about how this should impact their behaviour.

The Code of Conduct, Conflict of Interest policy, Regulation on Incidents, the Whistleblower's Code, Customer Due Diligence Policy, the Private Investment Transactions Prevention of Insider Trading Policy and Policy on Bilateral Contacts with Shareholders may be downloaded from the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

ESG Policy

Vastned looks at sustainability in the broad sense of environmental, social and governance (ESG) topics. These topics are fully incorporated in Vastned's mission, strategy and organisation. The purpose of the ESG policy is to elaborate on Vastned's management approach and practices regarding sustainability topics. In this way, the document functions as a guide for employees to take various sustainability elements into account when implementing activities for Vastned. Moreover, through this document, other stakeholders can be informed of Vastned's stance and actions regarding environmental, social and governance topics.

The ESG policy may be downloaded from the Vastned corporate website:
→ https://vastned.com/en/about-us/sustainability

Diversity and Inclusion policy and objectives

Diversity ensures dynamism, different views and balance within the team, which is vital to achieving the best results. Diversity for Vastned means more than just the gender ratio in the organisation. Different backgrounds, in terms of education, age and culture, also play a key role. The Diversity and Inclusion policy sets out the concrete objectives concerning diversity and inclusion and the aspects thereof that are relevant for the company, such as nationality, age, gender and background in terms of education and professional experience. In 2021, the scope of the Diversity and Inclusion Policy was expanded to include all staff. Vastned is committed to encouraging equality, diversity and inclusion among its workforce, and eliminating unwanted discrimination. Vastned recognises its talented and diverse workforce as a key competitive advantage.

Regarding gender diversity, to ensure the gender diversity in Vastned's Supervisory Board, Executive Board and Executive Committee, the specific diversity target has been set that at least 30% of these boards and this committee, respectively, should consist of the underrepresented gender.

Vastned's statutory Executive Board consists of one person (m) as at 31 December 2021.

At the end of 2021, the Supervisory Board consisted of two people, both men. As soon as possible, Vastned will introduce a proposal to appoint a new female member to the Supervisory Board. This person will qualify as a financial expert within the meaning of the Corporate Governance Code. After her appointment, the composition of the Supervisory Board will be in line with Vastned's gender objectives.

The profile of the Supervisory Board also states that experience with sustainability and corporate social responsibility is desirable for a balanced composition of the Supervisory Board. The profile further states that knowledge of the property sector is indispensable for a balanced composition of the Board. A schematic overview of the desired competencies within the Supervisory Board, including the specific expertise of each member, can be found on page 100.

The Executive Committee consists of seven persons including six men and one woman. There is diversity within the Executive Committee when it comes to age, educational and professional background, and heritage. Moreover, in the case of equal suitability, preference will be given to a woman when recruiting new members of the Executive Committee.

In general, in appointments to the Executive Board, the Supervisory Board and the Executive Committee, the aspect of gender diversity will be included as one of the objectives; the selection of the most suitable candidate based on all selection criteria will remain paramount at all times.

The Diversity and Inclusion policy may be downloaded from the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

Indemnity

The conditions attached to the indemnity of the members of the Executive Board and the Supervisory Board from liability claims from third parties are laid down in the Articles of Association. In 2021, the members of the Executive Board and the Supervisory Board were adequately insured for directors' liability and external liability.

General Data Protection Regulation (GDPR)

Vastned's privacy policy can be found on the Vastned corporate website:
→ https://vastned.com/en/about-us/privacy

Vastned's cookie policy can be found on the Vastned corporate website:
→ https://vastned.com/en/about-us/cookies

Tax Policy

Vastned complies with all relevant rules on transparency in the area of taxation. Vastned has a Tax Policy that was approved by the Supervisory Board on 9 February 2022 and reports quarterly to the Executive Board and the Supervisory Board on the implementation of the policy.

The full text of the Tax Policy can be downloaded from the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

Annual General Meeting and voting rights

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

- a detailed report by the Executive Board on the previous financial year, including an explanation of the long-term strategy, the vision for long-term value creation and the strategy to realise this, and the state of affairs;
- the dividend and reservation policy;
- corporate governance developments within Vastned and compliance with the Code; and
- the remuneration report for the past financial year. The remuneration report for 2021 will be put to the Annual General Meeting on 14 April 2022 for an advisory vote.

Important matters that must be put to the Annual General Meeting include:

- material changes to Vastned's Articles of Association;
- adoption of the financial statements for the past financial year;
- proposals concerning the appointment of members of the Executive Board and Supervisory Board;
- the dividend and reservation policy;
- proposals to distribute dividends;
- adoption of the remuneration policy for the Executive Board (at least once every four years);
- adoption of the remuneration policy for the Supervisory Board (at least once every four years);
- decisions concerning the issue or repurchase of Vastned shares;
- approval of the policy conducted by the Executive Board (discharge of the members of the Executive Board);
- approval of the supervision exercised by the Supervisory Board (discharge of the members of the Supervisory Board);
- substantial changes in the governance structure of the company and in compliance with the Code; and
- appointment of the external auditor.

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 and complete and are published on time. The external auditor is also involved in the reviewing the contents and publication of the semi-annual figures, the auditing of the annual financial statements, and the associated press releases. The external auditor attends the Annual General Meeting and may be asked to offer their audit opinion concerning the fairness of the financial statements. The external auditor always attends the meetings of the Supervisory Board and/or the Audit and Compliance Committee in which the annual financial statements are discussed.

On 25 June 2020, the Annual General Meeting resolved to (retrospectively) reappoint Ernst & Young Accountants LLP as of 1 January 2020 as the external auditor for a term of four financial years.

For further details of the proposals that the Executive Board and/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 on the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/articles_of_association_

Participation and votes

A high degree of shareholder participation in the Annual General Meetings is considered to be of the greatest importance. Vastned encourages shareholders to take part in the meetings and to use the opportunity to ask questions (in advance). They may vote in person or, if they cannot personally attend the meeting, (electronically) grant a voting proxy and voting instructions to an independent party (for example, due to the government measures that are in place at that time). The meeting documents, minutes and presentations are placed on Vastned's website. Vastned has no shares with special controlling rights. Every share entitles the holder to one vote in the Annual General Meeting. More information about exercising voting rights may be found in the Articles of Association of the Company and in the convening notices for meetings which are published on the Vastned corporate website:
→ https://vastned.com/en/corporate-governance/articles_of_association_
→ https://vastned.com/en/investor-relations/agm

Overview of protection measures

Vastned has no outstanding or potentially available protection measures against any takeover of control of the Company.

Art 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 reports concerning, among 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 section 'Shareholder Information' on page 204 of this annual report. The rights vested in these shares are laid down in the company's Articles of Association, which may be inspected on Vastned's website. Briefly, these rights with regard to ordinary shares consist of the right of shareholders to attend the Annual General Meeting, to speak and vote at this meeting, and the right to payment of what remains of the company's profit after allocations to the reserves. As at year-end 2021, 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 the section 'Shareholder Information' page 204 of the annual report. The section 'Share Ownership' lists shareholders holding an interest of 3% or more that were known to the company at year-end 2021;
d) There are no shares in the company in which special controlling rights are vested;
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 and the Regulations of the Executive Board and Executive Committee and the Regulations of the Supervisory Board;
i) The general powers of the Executive Board are listed in the Articles of Association of the company. At year-end 2021, the Executive Board was not entitled to issue or repurchase shares;
j) Various loan agreements between the company and external financiers contain change of control clauses; and
k) The company has made no agreements with members of the Executive Board or employees that provide for remuneration upon the termination of employment resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

Corporate governance statement

This is a statement pursuant to Article 2a of the Decree on Additional Requirements for Annual Reports dated 10 December 2009 ('Decree'). For the disclosures in this statement as defined in Articles 3, 3a and 3b of the Decree, please see the relevant sections of this 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, as included in the section 'Corporate Governance' on page 68 of this annual report;
- The notifications regarding the main features of the management and control system relating to the financial reporting process of the Company and the Group, as included in the section 'Risk Management' on page 78 of this annual report;
- The notifications regarding the functioning of the shareholders' meeting and its main powers and the rights of the shareholders and how they may be exercised, as included in the section 'Corporate Governance' on page 68 of this annual report;
- The statements regarding the composition and functioning of the Executive Board, as included on page 68 of the section 'Report of the Executive Board' and in the section 'Composition of the Executive Committee' on page 75 of this annual report;
- The statements regarding the composition and functioning of the Supervisory Board and its committees, as included in the section 'Report of this Supervisory Board' and the section 'Composition of the Supervisory Board', on page 89 and page 77 of this annual report respectively;
- The statements regarding (the objectives of) the diversity and inclusion policy and the manner in which this policy has been implemented, as included in the section 'Corporate Governance' on page 68 of this annual report; and
- The statements pursuant to Article 10 of the EU Takeover Directive, as included in the section 'Corporate Governance' on page 68 of the annual report.

Composition of the Executive Committee

Mr Reinier Walta MSRE (1974/M)

Managing Director,
Statutory Director, sole member of the Executive Board

Nationality
Dutch

Appointments
2014, 2018, 2021

Committees
Sustainability task force (chairman)

Other positions as at 31 December 2021
Interim CEO Vastned Belgium NV,
Co-CFO Vastned Belgium NV,
Treasurer of the 'Vereniging ter behartiging van de gezamenlijke belangen van beursgenoteerde fiscale vastgoedbeleggingsinstellingen'

Relevant experience
CFO Vastned Retail NV
ADIA (Senior Transaction Manager),
ING Real Estate Investment Management (Director), ING Real Estate (Senior Tax Manager), PwC (property tax lawyer)

Number of Vastned shares
5,075

Mr Thierry Fourez (1966/M)

Head of Asset Management,
Member of the Executive Committee

Nationality
French

In current position since
12 September 2012

Committees
–

Other positions as at 31 December 2021
Board Member CNCC (Conseil National Centres Commerciaux)
President of High Street Retail Group
Board Member IVC (Institut Ville et Commerce)

Relevant experience
Vice President store development Starbucks EMEA, International development director PAUL bakeries, Real estate Director Mc Donald's South Europe, Various positions Real Estate team Mc Donald's France

Number of Vastned shares
–

Mrs Peggy Deraedt (1970/F)

Director Legal,
Member of the Executive Committee

Nationality
Belgian

In current position since
1 April 2004

Committees
–

Other positions as at 31 December 2021
Member of the board of directors Vastned Belgium NV

Relevant experience
NautaDutilh (lawyer)

Number of Vastned shares
61

Mr Maurice van Dongen RA (1983/M)

Finance Director,
Member of the Executive Committee

Nationality
Dutch

In current position since
1 March 2021

Committees
–

Other positions as at 31 December 2021
–

Relevant experience
Deloitte (Audit Senior Manager),
Boston Consulting Group (Accountant),
Hotel de l'Europe (Assistant Financial Controller)

Number of Vastned shares
–

Mr Bozidar Vujanovic (1993/M)

Investment and BI manager,
Member of the Executive Committee

Nationality
Dutch and Serbian

In current position since
15 April 2019

Committees
Sustainability task force

Other positions as at 31 December 2021
–

Relevant experience
Deloitte (Finance & Data Analytics Consultant)

Number of Vastned shares
–

Mr Raymond Kramer (1987/M)

Company Secretary,
Member of the Executive Committee

Nationality
Dutch

In current position since
1 November 2021

Committees
–

Other positions as at 31 December 2021
Council Member Gemeente Soest (Netherlands)

Relevant experience
Various positions as secretary of housing corporations in the Netherlands (latest: Ymere)

Number of Vastned shares
–

Mr Simon Theeuwes RC (1971/M)

Manager Investor Relations,
Member of the Executive Committee

Nationality
Dutch

In current position since
1 June 2021

Committees
–

Other positions as at 31 December 2021
–

Relevant experience
Royal Schiphol Group NV (Senior manager corporate treasury, corporate finance, investor relations)
ABN AMRO (Vice President)
UBS Warburg (Senior Equity Analyst)

Number of Vastned shares
53

Composition of the Supervisory Board

Mr Marc C. van Gelder MSc (1961/M)

Chairman of the Supervisory Board

Nationality
Dutch

Appointments
2015, 2019 (current term ends 2023)

Committees
Audit and Compliance Committee, Remuneration and Nomination Committee

Other positions **as at 31 December 2021**
Hans Anders (SB, chairman), Action (SB), JP Morgan European Smaller Companies Trust plc (SB, chairman), Diabetes Fonds (Board of Trustees, chairman), Quantib (SB, chairman)

Relevant experience
Mediq (CEO), Royal Ahold, USA & The Netherlands (Various positions), McKinsey & Company (Associate Principal), Drexel Burnham Lambert (Various positions)

Number of Vastned shares
8,000

Mr Jaap G. Blokhuis MA (1958/M)

Chairman Remuneration and Nomination Committee, Chairman Audit and Compliance Committee

Nationality
Dutch

Appointments
2019 (current term ends 2023)

Committees
Audit and Compliance Committee, Remuneration and Nomination Committee

Other positions **as at 31 December 2021**
Egeria Real Estate (Advisory Board), Vesteda (SB, chairman), Heembouw (SB)

Relevant experience
Vesteda (SB), Multi Corporation (CEO), Redevco (CEO), Nationale-Nederlanden Vastgoed (Various positions), ING Real Estate (Various positions)

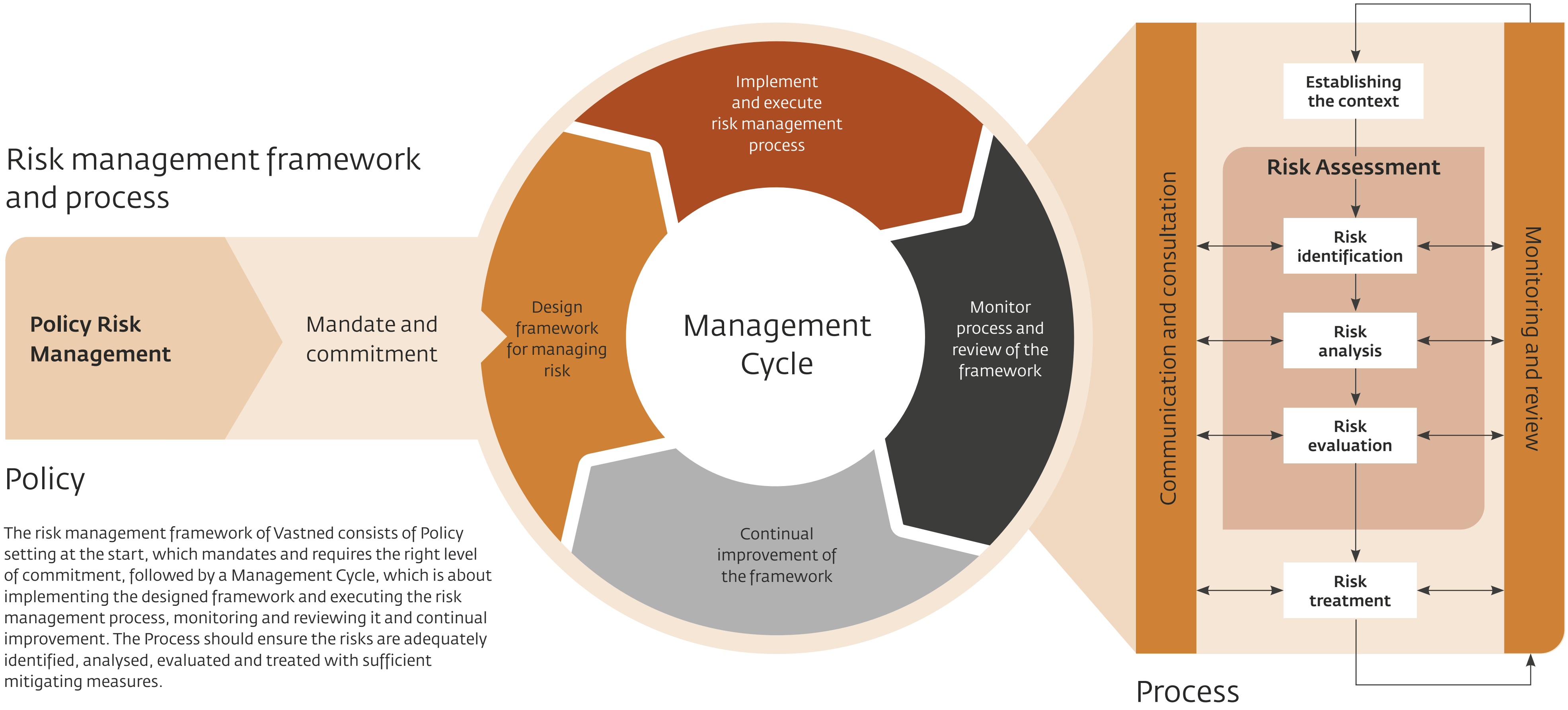
Number of Vastned shares
1,000

Vacancy

Risk management

This chapter provides an overview of Vastned's risk management and control system. The risk management and control system forms an integral part of Vastned's 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 adequately and controlled within the context of a conservative risk profile.

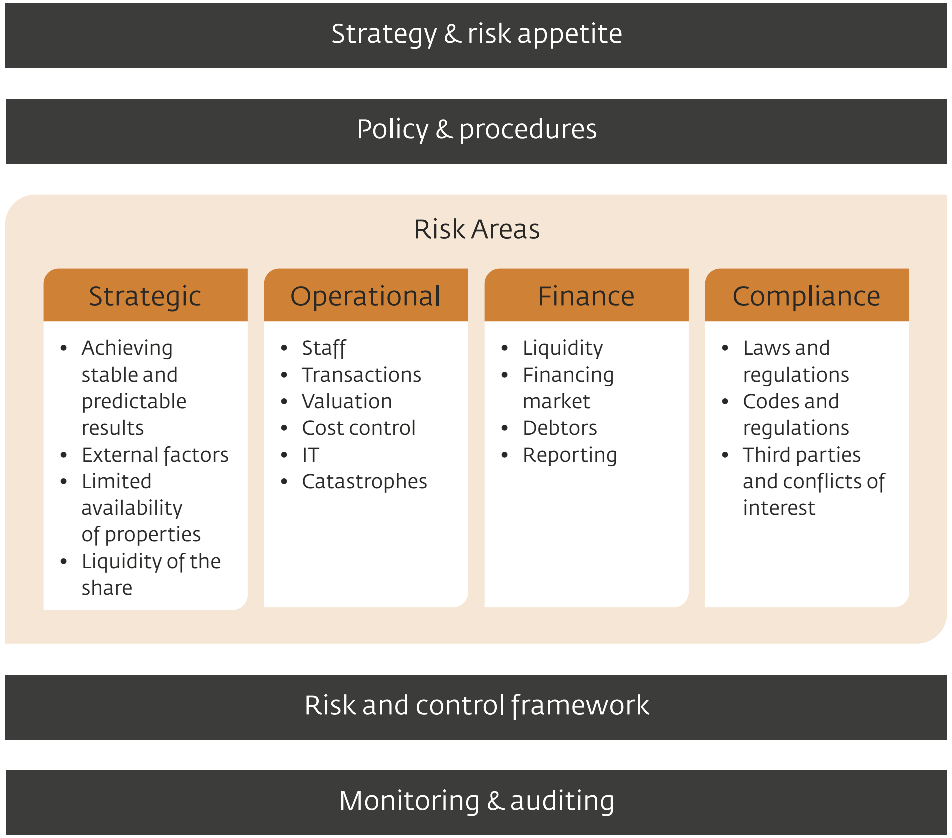
Risk management framework and process



Policy

The risk management framework of Vastned consists of Policy setting at the start, which mandates and requires the right level of commitment, followed by a Management Cycle, which is about implementing the designed framework and executing the risk management process, monitoring and reviewing it and continual improvement. The Process should ensure the risks are adequately identified, analysed, evaluated and treated with sufficient mitigating measures.

Overview of risk management at Vastned



Strategy and risk appetite

Since 2011, Vastned's objective has been to invest in retail property in the most popular high streets of big European cities with historic city centres. In this way, the company aims to realise predictable and stable long-term results and contribute to the liveability and safety of these historic city centres. At the publication of the annual results 2020, Vastned announced its strategy update, outlining its ambition to optimise and concentrate the current portfolio to a mixed user profile and to increase the cost-efficiency of the organisation.

To achieve this objective, Vastned has put in place a strategy based on three pillars: (i) an optimised and concentrated portfolio, (ii) an efficient organisation, and (iii) a conservative financing strategy.

The execution of this strategy inevitably involves risks. From a strategy perspective, however, the risk appetite is conservative, which is borne out by the fact that the focus is fully on the very best property in selected cities. Furthermore, long-term value creation is preferred over the growth of the property portfolio, and improving the sustainability of the company and portfolio is also an integral part of our strategy. In operational terms, the risks must be minimised, whereby Vastned's operational processes are based on best practices.

Vastned's financial policy may be characterised as conservative. This is evident inter alia from the conservative financing strategy. With respect to compliance, the risk appetite is nil: all applicable laws and regulations must be fully complied with. Vastned has formulated clear principles in this area that have been outlined in various codes and regulations, and are in line with the Code.

In conclusion, we can state that Vastned's overall risk appetite is conservative, which is in line with its objective to generate stable and predictable long-term results. Vastned has specified the risk appetite, including the qualification of the risk appetite per risk category. These qualifications are as follows: nil, zero tolerance; nil to low tolerance; conservative; measured; and expedient. The risk appetite per risk category adds an extra standard to the risk and control framework, against which the risks are assessed. This standard provides the framework within which the organisation operates.

Tone at the top

The Executive Board and the Executive Committee attach great value to ethical and honest business conduct. Transparent and honest communication is considered a critical success factor for Vastned. In this context, tight risk management is naturally essential, and indeed this is clearly communicated within the company. In addition, Vastned has organised awareness training sessions with its employees that deal with preferred behaviour, the Code of Conduct, transparency and discussing dilemmas.

Policy and procedures

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

Corporate Governance

Corporate Governance relates to how companies are managed and how the management is supervised. Vastned considers proper Corporate Governance to be one of the leading factors in the successful execution of the strategy. As a publicly listed company, Vastned has translated the corporate governance requirements into internal rules and standards. An extensive description of Vastned's corporate governance is presented in the section 'Corporate Governance'.

Code of Conduct and related regulations

The Code of Conduct is a fundamental document for Vastned, as it contains the principles that Vastned considers to be fundamental to the company, as well as for its employees, tenants, financiers, business relations, shareholders and society, and the interaction between these stakeholders. The Code of Conduct serves to make employees aware of the need to act honestly and transparently by recording what is, and what is not, deemed to be acceptable behaviour. In addition to the Code of Conduct, a Regulation on Incidents and a Whistleblower's Code are in force. These regulations are an extension of the Code of Conduct and facilitate the reporting of (alleged) incidents, either anonymously (Whistleblower's Code) or otherwise. These regulations describe the procedure for reporting (alleged) incidents. The regulations contribute to ethical awareness within Vastned's company culture.

The texts of these regulations and codes may be inspected on Vastned's website.
→ www.vastned.com/regulations_and_codes

Risk areas

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

Strategic risks

Strategic risks relate to the realisation of stable and predictable long-term results, timely anticipation of external events. These risks also relate to ensuring the company's ability to increase the number of suitable assets in selected European cities and the availability of investment opportunities.

Stable and predictable results

The objective of Vastned's strategy is to generate stable and predictable long-term results. 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 stable and predictable results. The risk appetite in this area is low to conservative. To mitigate this risk, Vastned only invests in high quality assets with attractive and stable returns and diversifies its rental income by adding more non-fashion tenants.

Additionally, Vastned follows a diligent acquisition procedure that clearly identifies how each property fits into the portfolio and how it contributes to the company's long-term results. The current portfolio is under constant scrutiny and properties that no longer fit the Vastned profile are sold when possible.

To generate stable and predictable results, a strategic choice has been made for a conservative financing strategy, which until 2020, aimed to limit loan capital financing to between 35% and 45% of the market value of the property portfolio. As of 2021 , the aim has been to work towards a long-term target of loan capital financing of a maximum of 40%. In principle, no more than a third of the loan portfolio should have a floating interest rate. In 2021, loan capital financing remained below 45% throughout the year, and stood at 43.0% as at 31 December 2021. 72.2% of the loan portfolio had a floating interest rate as at 31 December 2021.

External factors

One strategic risk is that Vastned might be unable to adequately respond to external factors. There is an inherent risk that the choice of investment country, investment type and the relative size and time of investment is influenced by external factors such as changes in inflation, currency fluctuations, consumer spending, tenancy legislation, permit policies or a pandemic. This may impact the expected rent developments, as well as demand for retail locations and as a result the value development of the investments. The risk appetite in this area is conservative. Potential exernal changes are followed closely during annual strategy sessions and by monitoring developments as they happen, which enables Vastned to respond quickly and effectively.

The COVID-19 pandemic and the corresponding government measures had negative implications for Vastned's tenants and consequently for the company's results in 2021. During the lockdowns in the countries in which Vastned operates, the Vastned team made tailored arrangements with tenants. Due to this proactive approach and intensive contact with the affected tenants, Vastned managed to make acceptable arrangements for virtually the entire portfolio.

Growth opportunities

As a publicly listed company, Vastned seeks to realise attractive returns for its shareholders. Vastned has the ambition to increase its portfolio in a selected number of bigger European cities. There is a risk that the limited availability of suitable retail property in these cities hampers the company's investment growth. The risk appetite in this area is low to conservative. This risk is explicitly part of Vastned's strategy discussions, as well as the business plan that has been set out by the Executive Board and is being coordinated with the Supervisory Board. Progress on the execution of the strategy and the business plan is evaluated on a quarterly basis 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 main operational risks for Vastned relate to the quality of staff and advisers, the execution of transactions, the quality of the property valuations, cost control, control of the IT environment and catastrophes.

Quality of employees and advisers

Having the right organisation is defined as one of the three pillars of the strategy. Vastned strives for an open and inclusive culture. Recruiting and retaining the right employees is therefore of the greatest importance for Vastned. However, the size of the organisation and the scarcity of qualified staff may impede efforts to recruit the right employees. Working with inadequately qualified employees may hamper realising the strategic objectives. The same applies to selecting the right advisers. The risk appetite in this area is low tolerance to nil.

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

In 2021, Vastned appointed highly skilled, well-educated and trained professionals to fill vacant positions. But given the company's plans to reduce the total workforce and organisational costs, some of the vacant positions were eliminated.

Furthermore, Vastned works exclusively with internationally and nationally reputed advisers that have proven experience in the area for which they are engaged. Advisers are selected after careful consideration based on, among other things, price, quality and required expertise.

Execution of transactions

Transactions involve various risks, such as those arising from transaction execution itself and from externalities. Also incorrectly performed investment or divestment analyses can increase transaction risk. There is also the risk that a property cannot be leased at the projected rent due to its nature and location and/or tenant quality (resulting in vacancy), or that the rent cannot be collected.

Possible consequences of incomplete control of these risks are: incorrect assessment of the risk return profile; late investment or divestment; a negative impact on (future) net rental income inter alia as a result of vacancy and associated service charges that cannot be passed on to tenants; and unexpected negative value movements resulting in lower (than expected) direct and indirect results. The risk appetite in this area is low to conservative.

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

- Performance of an extensive due diligence investigation to assess commercial, financial, legal, construction and tax aspects using a standard checklist;
- Involvement of various disciplines in acquisitions and divestments;
- Standard format for investment or divestment proposals; and
- Internal authorisation procedures that state that investments and divestments above a specific amount, as determined annually by the Supervisory Board (in 2021: 15 million), require the approval of the Supervisory Board.

Quality of the property valuations

There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may result in a lower indirect result, reputational damage and potential claims for making misleading statements to stakeholders. The risk appetite in this area is low to conservative. This risk is mitigated by preparing all property valuations in accordance with an internal appraisal policy and executed by internationally reputed external appraisers, which are rotated every three years. In these appraisals, the bigger properties with an expected value of at least € 2.5 million are appraised every six months by internationally reputed appraisers, except in Belgium, where valuations take place quarterly. Smaller properties (< € 2.5 million) are appraised externally once a year.

Vastned's appraisers, CBRE and Cushman & Wakefield, have the largest database in Europe in the area of retail property. They are best placed in the present appraisal market to minimise the estimation uncertainty and assign the correct value to Vastned's property.

Cost control

An unexpected rise in operating expenses, general expenses or having to make unexpected additional investments can potentially lead to an incorrect assessment of the risk-return profile, and therefore to a lower direct and indirect result. The risk appetite in this area is low to conservative. For this reason, Vastned has extensive procedures in place for budgeting and maintenance forecasts. In addition, there are authorisation procedures for entering into maintenance and investment obligations. Furthermore, reports (realisation – budget analysis) are periodically drawn up and discussed within the Executive Committee and with the Supervisory Board.

In 2021, Vastned's operating expenses and general expenses came in below the targeted levels. This was partly due to COVID-19, as some non-essential operating expenses were postponed. However, this was mainly the result of cost-savings relating to general expenses, in line with Vastned's strategy to further adapt its organisation to match the new focus of the portfolio and to be cost-efficient.

Control of the IT environment

Effective control of the risks associated with the functioning and security of the internal IT infrastructure is of vital importance for Vastned. The impact of incomplete control of IT risks may include not being able to report promptly or correctly, either internally or externally, loss of relevant information (including personal data), unauthorised access to information (including personal data) by third parties, and reputational damage. The risk appetite in this area is low to nil.

Vastned mitigates this risk through internal procedures aimed at ensuring proper access security, backup and recovery procedures, periodic checks by external experts, digitisation of key documents, and hiring external knowledge and experience for continuous updates on developments in the area of IT.

No IT-related incidents took place in 2021 that impacted business operations in any way. Thanks to its robust IT structure, Vastned was also able to ensure continuity during the periods when working from home was strongly advised by the Dutch government and made mandatory by the Belgian, French and Spanish authorities, in particular during the lockdowns.

Catastrophe risk

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

In 2021, no catastrophes resulting in physical damage to properties occurred.

Financial risks

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

Liquidity risk

Liquidity risk is the risk that insufficient resources are available for daily payment obligations. The potential impact is that reputational damage is sustained or that additional financing costs are incurred, which may result in a lower direct result. The risk appetite in this area is nil. The treasurer monitors the cash flow policy and prepares daily cash flow forecasts. The principles of the cash flow policy are outlined in the Treasury Charter, which is periodically reviewed by the Treasurer and the Executive Board and approved by the Supervisory Board.

In 2020, due to COVID-19, Vastned implemented additional control measures to monitor the liquidity position (including increased frequency of reports to the Executive Board and Supervisory Board and preparing and analysing detailed liquidity forecasts). These measures remained in place during 2021.

Financing market risks

Financing market risks include (re-)financing risk and interest rate risk. (Re-)financing risk relates to the risk that not enough equity or (long-term) loan capital can be attracted or only with unfavourable conditions. This risk also relates to the possibility that loan covenants are breached. This can create a situation whereby there is not enough financing room for investments. It could also force the company divest assets. When (re-)financing risk increases the financing costs increase, potentially leading to a lower direct and indirect result and to reputational damage, in the financial markets, in particular. The risk appetite in this area is nil.

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

To mitigate the above risks, Vastned has put in place the following control measures:
- Financing with loan capital is limited to a maximum of 40% of the market value of the property;
- The share of short-term loans is limited to a maximum of 25% of the loan portfolio;
- Where possible, financing is spread between different banks and other sources of financing, such as private placement bonds;
- The share of non-bank financing must be over 25%;
- No more than a third of the loan portfolio has a floating interest rate;
- Internal monitoring takes place via periodic internal financial reports, including sensitivity analyses, financing ratios, development of bank covenants and funding scope and internal procedures, as outlined inter alia in the treasury charter; and
- The outcomes of these reports are periodically discussed with the Audit and Compliance Committee and the Supervisory Board.

In 2021, Vastned also complied with all bank covenants and internal control measures were followed at all times.

Debtor risk

Debtor risk relates to loss of rental income due to payment defaults and bankruptcies, leading to a lower than expected direct and indirect result. The risk appetite in this area is conservative. To mitigate debtor risk, Vastned screens tenants before concluding leases. In addition, the financial status and payment behaviour of tenants are monitored through regular talks with tenants and by examining external sources. Prospective tenants must provide a bank guarantee and/or deposit prior to the start date of the agreement.

The Executive Board reviews the company's debtor lists frequently. Vastned takes a tailor-made approach to examine its individual arrangements with tenants. Payment arrangements and behaviour by tenants are monitored systematically. Additional control measures are also in place, including increasing the frequency of consultation with debtors by the property management teams. Thanks to communication between the commercial teams, tenants, the financial teams and the Executive Committee, Vastned has achieved relatively high collection rates (above 95%), certainly compared with lower retail real estate sector averages in 2021.

Reporting risk

Reporting risk relates to the impact of the incorrect, incomplete or late provision of information for internal decision-making or provision of information to external parties, such as shareholders, banks and regulators, which may lead to reputational damage and potential claims for making misleading statements to stakeholders. The risk appetite in this area is low to nil.

Vastned maintains a robust system of internal control measures and administrative organisational measures. 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 figures;
- 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, on the basis of reports, operational activities are discussed in detail with the country managers;
- Groupwide instruction and Accounting Manual on accounting principles and reporting data, as well as internal training in the area of IFRS and other standards;
- Periodic management consultation on external audit results; andDiscussion of external audit results with the Audit and Compliance Committee and the Supervisory Board.

In 2021, no material events occurred regarding reporting.

The use of the recently implemented property management system, Yardi, at the various Vastned offices allowed for accurate and timely reporting, including during lockdowns.

Compliance risks

Compliance risks are risks related to failing to comply fully or at all with tax and other laws and regulations or unethical conduct. Potential consequences of this may be reputation damage, tax and legal claims and proceedings or loss of tax status. This can potentially result into a lower direct and indirect result. The risk appetite in this area is nil. Effective control of compliance risks is of crucial importance for a property company such as Vastned, given the property's sector's traditional approach to conduct risk.

In 2021, no material events occurred regarding compliance.

Tax laws and regulations risk

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

Vastned has an internal tax policy outlining the risk appetite and the general principles on tax. Control measures and administrative organisational measures have been put in place regarding various areas of taxation. Internal procedures comprise:
- Evaluation of contractual commitments by internal and, where necessary, external tax lawyers;
- Employees taking relevant professional training;
- Continuous monitoring of the conditions for the application of the tax regime, including financing ratios, mandatory dividend distributions and the composition of the shareholder base, by internal and external tax experts;
- Careful analysis of tax risks involved in acquisitions and divestments, including turnover tax, transfer tax, deferred tax liabilities and the like.

In 2021, no material events occurred regarding tax issues. However, the Dutch government has announced that it will investigate a possible (targeted) adjustment of the FII regime. The results of this study (and any adjustments to the policy and/or regulations on this point) are expected to be announced in 2022.

Laws and regulations / Codes and regulations
As described earlier, Vastned has various regulations in place. Deviations from the Code of Conduct and unethical behaviour may result in reputational damage as well as claims and legal proceedings, leading to higher costs and a lower direct result. The risk appetite in this area is nil.

Vastned has internal procedures and training in place aimed at keeping knowledge of laws and regulations up to date. Compliance with the Code of Conduct is discussed with staff members at least once a year, and employees are explicitly asked to confirm they have complied with the Code of Conduct.

In 2021, no material events occurred regarding the Code of Conduct.

Third parties and conflicting interests
Insufficient knowledge of tenants, sellers, buyers or parties acting on Vastned's instructions bears the risk that business is done with parties that harm Vastned's reputation. In addition, conflicts of interest between employees and third parties may cause reputational damage, claims and legal proceedings, resulting in higher costs and a lower direct result. For the rules on conflicts of interest, please refer to the text of the Code of Conduct. The risk appetite in this area is conservative.

As part of the due diligence process, third parties are screened in accordance with an internal customer due diligence policy. The results of this screening are set out in the due diligence report submitted to the Executive Board as part of the decision-making process.

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 2021 (ceteris paribus).

Movement	Effect
100 basis point interest rate increase	Direct result per share € 0.01
25 basis point increase of net initial yield used in appraisals	Indirect result per share € 4.54 down, loan-to-value ratio 268 basis points up
100 basis point decrease of the occupancy rate	Direct result per share € 0.03 down

Risk and control framework

The integrated risk and control framework is divided into four risk areas: (i) strategic, (ii) operational, (iii) financial, and (iv) compliance risks. The framework then indicates the probability of a risk occurring and its potential impact. Finally, internal owners have been identified for each risk who is responsible for the implementation of control measures.

The Executive Board carries out an annual analysis of the potential risks that may jeopardise the realisation of Vastned's strategic and other objectives. This analysis forms part of the annual business plan and is discussed with the Supervisory Board. The risk and control framework is adjusted annually based on the outcome of these discussions.

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

Supplementary to the risk and control framework, fraud risk factors have also been assessed. The identified fraud risks relate to the following risk areas:
- Quality of staff and advisers;
- Execution of transactions;
- The quality of property valuations;
- Controlling costs;
- Controlling the IT environment;
- Reporting risks; and
- Third parties and conflicts of interest.

Vastned considers the measures taken to control the risks mentioned above as sufficient and adequate to control any fraud risks.

Representation letters
At least once a year the most important country managers sign a representation letter in which they declare that to the best of their knowledge:
- They have taken all reasonable measures to ensure that both they and their subordinates have complied with Vastned's Code of Conduct and administrative organisational procedures and that there are no conflicts in this area;
- The system of internal controls functions adequately and effectively;
- The reports and financial accounts fully, fairly and accurately reflect the transactions and do not contain any material misstatements or are otherwise misleading;
- They have brought all events that may materially impact the financial statements to the attention of the Executive Board and that these have been included in the reports;
- All contractual obligations that may impact present and future activities have been complied with;
- There are no claims that have not yet been brought of which their lawyer has advised them that they might be justified and should be explained;
- That the country organisation in no way provided loans or guarantees to employees or their families; and
- There have not been any events after the balance sheet date that require an adjustment or explanation in the financial statements.

Monitoring and audits

Monitoring
In 2021, the control measures implemented within Vastned were audited again and fully updated. This did not highlight any material findings. However, a number of adjustments were made to the control system due to further streamlining of internal processes.

As indicated, Vastned has procedures in place to report incidents, either anonymously or otherwise. No incidents were reported in 2021.

Audits
Each year, the Audit and Compliance Committee discusses how the internal audit function within Vastned should be shaped.

The internal audit function has been subcontracted to BDO Consultants BV since 2016. In 2018, BDO Consultants BV was instructed to perform the internal audit from 2019 up to and including 2021.

BDO Consultants BV carries out random checks on the functioning of the various internal procedures in the countries where Vastned is active.

Outlook 2022

In 2022, the company will continue working hard to maintain high occupancy rates across its property portfolio, together with high collection rates. Given the unpredictability of the COVID-19 pandemic, and the possibility of new variants, many of Vastned's tenants face an uncertain commercial and financial outlook over the coming year. As such, we are not providing forecasts or guidance on the direct result for the 2022 full year at this stage.

Responsibility statement

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

- the consolidated financial statements give a true and fair view of the assets and liabilities, financial position and profit of Vastned and its consolidated subsidiaries;
- the Report of the Executive Board gives a true and fair view of the state of affairs, at the balance sheet date and during the 2021 financial year, of Vastned and the affiliated companies whose figures have been included in its annual financial statements, and that the material risks facing the issuing institution are described in the report of the Executive Board; the Report of the Executive Board provides sufficient insight into shortcomings in the functioning of the internal risk management and control systems (see page 78 to 86);
- these systems provided a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies (see page 78 to 86);
- based on the current state of affairs, it is justified that the financial reporting has been drawn up on a going concern basis (see pages 111 to 174 of the chapter Financial Statements); and
- the material risks and uncertainties have been described in the Report of the Executive Board that are relevant to the anticipation of the continuity of the company for a period of 12 months following the preparation of the report (see page 80 and following).

Amsterdam, 9 February 2022
The Executive Board of Vastned Retail N.V.
Reinier Walta, CEO

Dividend policy and proposal

Dividend policy

The dividend policy stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. In principle, no stock dividend is distributed. The dividend policy thus prevents share dilution caused by stock dividend. The annual dividend distribution is effected customarily (except in 2020, see below) by means of an interim and a final dividend. After the publication of the half-yearly results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

Vastned believes that a dividend distribution of at least 75% of the direct result leaves sufficient room for acquisitions, while striving for a conservative financing strategy that aims to limit on long term the loan capital financing to below 40% of the market value of the property. At the same time, its dividend policy generates a stable return for its shareholders. In this way, the dividend policy contributes to the long-term value creation by the company. In addition, Vastned declares its dividend taking account of the conditions attaching to the status of a fiscal investment institution within the meaning of Section 28 of the 1969 Corporation Tax Act.

Dividend distribution for 2020 and dividend proposal for 2021

The Annual General Meeting of 15 April 2021 declared a dividend for the 2020 financial year of € 1.73 per share, which was charged to the freely distributable reserves. As no interim dividend was paid in 2020, the final dividend for 2020 amounts to € 1.73 per share.

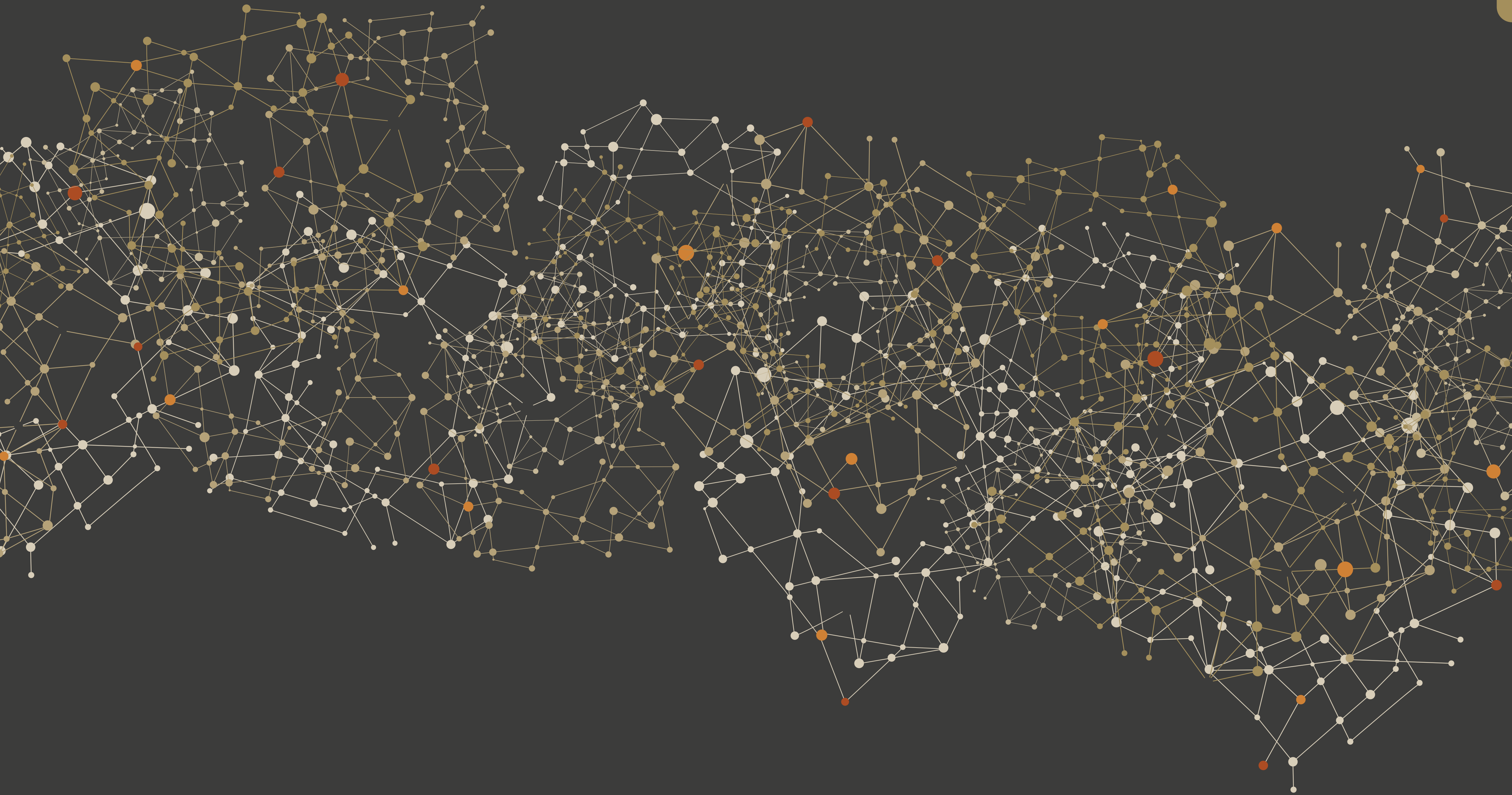
In accordance with the dividend policy, on 18 August 2019 60% of the direct result for the first half year of 2021, or € 0.53 per share, was distributed as interim dividend.

In the Annual General Meeting of shareholders of 14 April 2022, Vastned will propose to declare a dividend for the 2021 financial year of € 1.73 per share and charge it to the freely distributable reserves. Taking the interim dividend of € 0.53 into account that has already been distributed, a final dividend will be declared of € 1.20 per share. The final dividend will be made payable on 6 May 2022.

With this payout, Vastned complied with the abovementioned conditions attaching to the status of a fiscal investment institution within the meaning of Section 28 of the 1969 Corporation Tax Act.

At a closing price of € 24.00 on the last day of trading in 2021, which was 31 December, this equates to a dividend yield of 7.2%.

Report of the Supervisory Board



Report of the Supervisory Board

After being confronted with the COVID-19 in 2020, Vastned learned to deal with impact of the pandemic in 2021, though the challenges facing people on a personal level and from a business perspective remained significant at times. Nevertheless, it is important to note Vastned's continued steadfastness as an organisation and how, after strict lockdowns, members of the public were generally quick to revisit city streets for work and leisure. Similarly, the company's retail tenants demonstrated resilience and entrepreneurship; qualities which became apparent during Vastned's close interactions with tenants to develop tailor-made solutions to manage the crisis.

In this report, the Supervisory Board looks back on the events of the past year and the the Supervisory Board accounts for how it has fulfilled its duties and responsibilities. This report on the 2021 financial year focuses on compliance with the Corporate Governance Code. A detailed account of the policy conducted and the objectives realised by the Company can be found in the Report of the Executive Board.

Annual General Meeting

The Annual General Meeting (AGM) of shareholders was held on 15 April 2021 via a live webcast. The meeting addressed questions that had been submitted in advance as well as those submitted during the meeting. Shareholders were given the opportunity to issue a proxy containing a voting instruction prior to the meeting.

During the AGM, the shareholders adopted the financial statements for the 2020 financial year and approved the proposal to distribute a dividend of € 1.73 per share for the 2020 financial year.

The proposal to grant discharge to the members of the Executive Board for the 2020 financial year was adopted. The proposal to grant discharge to the members of the Supervisory Board for the 2020 financial year was not adopted.

The proposal to appoint Reinier Walta as sole statutory director (CEO) of Vastned was adopted. Reinier Walta's appointment will be for a four-year term, starting on 15 April 2021 and ending after the Annual General Meeting in 2025.

After the close of the Annual General Meeting, Ms Charlotte Insinger resigned from the Supervisory Board. The Supervisory Board is grateful to Ms Insinger for her dedication over the past six years as a member of Vastned's Supervisory Board.

The vacancy that arose within the Supervisory Board after the departure of Ms Insinger could not be filled, due to a suspected lack of support of the shareholders in the AGM meeting in 2021 for a new appointment, which became apparent shortly prior to the meeting. As soon as possible, Vastned will introduce a new proposal to appoint a female member to the Supervisory Board. The proposed member will qualify as a financial expert within the meaning of the Corporate Governance Code. If the proposal is approved by the General Meeting of Shareholders, this new member will assume the role of Chair of the Audit and Compliance Committee.

The proposals to amend the Remuneration Policy for the Executive Board and the Remuneration Policy for the Supervisory Board did not receive the required 75% majority. The amendments were proposed to bring the policies into line with the statutory regulations for the implementation of the European Shareholders' Rights Directive. Furthermore, the proposed amendments to the Remuneration Policy for the Executive Board mainly relate to the fact that the Executive Board will consist of one person.

The proposed new Remuneration Policy for the members of the Supervisory Board involved the simplification of the policy. This concerns the reduced size of the Supervisory Board (three members instead of four), whereby the total remuneration per member will remain unchanged compared with the present situation. As a result of this vote, the existing remuneration policies remained in force. A new proposal will be submitted for approval at the AGM on 14 April 2022.

The outcome of the advisory vote on the 2020 Remuneration Report was negative.

The Supervisory Board and the Executive Board took note of these voting results during the AGM and responded by entering into a dialogue with shareholders. The Executive Board and Supervisory Board will take these outcomes into account when preparing for the AGM on 14 April 2022.

COVID-19

The pandemic has had a severe impact on visitor numbers in historic city centres, and some of Vastned's tenants have struggled as result. Vastned has faced several challenges due to the COVID-19 outbreak in 2020 and consecutive waves of infections over the past two years. Despite the exceptional circumstances of (partial) lockdowns, in 2021 the central aim remained to create long-term value for all stakeholders involved in the company.

The Supervisory Board remained in frequent and intensive contact with the Executive Board regarding the impact of this pandemic on the company and the organisation. This included ensuring that the tailor-made approach towards Vastned's tenants from 2020 was continued in 2021.

The Supervisory Board is satisfied with the high rental collection rate (95.7%) during 2021, which was achieved thanks to the efforts made by the entire Vastned team. Operating in a challenging retail market, Vastned has shown strong performance, with a high occupancy rate (97.9%) and a stable valuation of the property portfolio. The portfolio has proven to be resilient compared with its peers.

Strategy Update

The pandemic has accelerated the changes already under way in the retail landscape. These developments increased the need to adapt to the changing circumstances. The Supervisory Board discussed these developments with the Executive Board during various meetings in 2021.

Vastned is convinced that historic city centres will remain popular. The trend of urbanisation in Europe perseveres. Vastned continues to work towards a property portfolio in the city centres where shopping, living, working and leisure meet. Vastned is further optimising its property portfolio and looking for diversification by adding new retailers to its tenant mix, including more non-fashion retailers. Within the retail portfolio, more focus will be placed on properties for tenants that have a strong online presence. Increasingly, Vastned will also try to facilitate digital brands that are seeking to open physical locations and are often looking for very visible and characteristic high street retail properties in city centres to create brand experience stores. In addition, Vastned will continue to add more food & beverage and inner-city convenience-oriented tenants to its portfolio. By doing so, the share of the traditional fashion brands in the portfolio will gradually decrease over time. The floors above high street stores will increasingly, if it is possible and economically feasible, be redeveloped as apartments and small offices. In this way, the overall portfolio will have a more diversified stream of rental income with more mixed-use and a greater focus on the needs of local inner-city inhabitants.

The Supervisory Board supports the strategic choices made by the Executive Board and, in 2022, is motivated to continue contributing, based on its role, to the creation of long-term value for all stakeholders involved with the company.

Executive Board (Mr Reinier Walta)

The proposal to appoint Reinier Walta as sole statutory director of Vastned was adopted at the 2021 AGM. This means that the statutory Executive Board consists of only one member: the CEO and Managing Director, Reinier Walta. Given the size of the organisation, this is considered appropriate.

The Supervisory Board considers Reinier Walta's knowledge of property and financial transactions, gained during various managerial positions at home and abroad, to be a valuable mix of the competencies required by Vastned. Three additional measures have been taken to contribute to a balanced corporate governance structure, including providing sufficient counterweight to the sole director. First of all, an Executive Committee has been established to support the CEO, as well as to provide countervailing power in order to improve overall decision-making in the company. Furthermore, new appointments of members of the Executive Committee have been approved by the Supervisory Board. Secondly, the amounts in the authorisation matrix have been adjusted so that financial decisions must be submitted to the Supervisory Board earlier. Finally, an escalation option from the Executive Committee to the Supervisory Board has been established.

For an overview of the remuneration of the Executive Board please refer to the Remuneration Report on page 101.

Portfolio

Some non-strategic assets were divested in 2021, mainly in non-strategic locations in the Netherlands and Belgium. Most divestments were made above recent valuations. Vastned sold 12 non-strategic assets in 2021 for € 18.2 million, with a book value of € 17.5 million. No new assets were acquired in 2021.

Organisational costs

In 2021, Vastned reduced its total number of FTEs by 20%, leaving fewer than 31 FTEs within the organisation at the beginning of 2022. Vastned also moved its head office from Amsterdam to Hoofddorp, the Netherlands. These developments resulted in significant cost savings. Overall, general expenses were reduced by 12% in 2021. In 2022, Vastned will continue to look for cost savings, for example by investing more in automation, since Vastned's work is increasingly data-driven.

Financing

Vastned has a conservative financing structure. The long-term target for the loan-to-value ratio has been lowered from 35%-45% to a maximum of 40%. In addition, the financing sources will be broadened; for example, by placing long-term bond loans and green bonds with institutional investors as private placements.

Sustainability

To anchor sustainability in Vastned's financing, the company has developed a Green Finance Framework. The aim of the Framework is to (re)finance energy-efficient commercial and residential property that contributes to the preservation of historic city centres and be a positive force in the fight against climate change.
Long-term value creation is fully embedded in Vastned's company culture: Executive Board and Supervisory Board take account of sustainability in their decisions and make considered choices regarding the viability of the strategy in the long term. Vastned is working on incorporating sustainability into its corporate identity by creating an ESG policy and renewing its materiality matrix through a stakeholder survey.
The updated Remuneration Policy, which is subject to AGM approval, will include an quantitative ESG target as one of the elements in the Business Health Test (part of LTI).

Business Plan

Every year, the Supervisory Board discusses the business plan for the next three years with the Executive Board, including a detailed financial plan, and subsequently approves it. Progress on the targets set out in the business plan and progress on the strategy are monitored at least quarterly. The Supervisory Board notes that, despite the challenging circumstances, the Executive Board achieved good results in the implementation of the 2021-2023 business plan.

Updated governance and compliance

The Articles of Association of Vastned state that regulations relating to the Executive Board are only required if there are more than two board members. However, to ensure full clarity and transparency on the roles and responsibilities of the Executive Board (CEO) and the newly introduced Executive Committee, existing regulations are combined into one document: the Regulations of the Executive Board and Executive Committee. The regulations of the Supervisory Board, the Audit and Compliance Committee and the Remuneration and Nomination Committee of Vastned have also been updated to reflect the governance structure.

Furthermore, in 2021 the Supervisory Board approved the updated Code of Conduct, Conflict of Interest Policy, Customer Due Diligence Policy, Diversity and Inclusion Policy, and Private Investments Transactions and Prevention of Insider Trading Policy. These updates ensure compliance with applicable regulations and reflect the governance structure.

These policies may be viewed on Vastned's website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

Risk Management

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, during all regular meetings in 2021, attention was devoted to the main risks involved in the business operations of the company based on the risk and control framework. The framework was updated and revised as a result of the risk analysis that was carried out. The set-up and functioning of the corresponding internal risk management and control systems were also periodically evaluated and discussed with the Supervisory Board. Risks were discussed in the areas of the valuation process, interest and financing, maintaining rent levels, occupancy rate and debtors.

Evaluation of the external auditor

On 25 June 2020, the Annual General Meeting resolved to (retrospectively) reappoint Ernst & Young Accountants LLP (EY) as of 1 January 2020 as the external auditor for a term of four financial years. The Chair of the Supervisory Board and the Chair of the Audit and Compliance Committee consult at least once a year with the external auditor regarding the latter's performance. In the opinion of the Supervisory Board, the collaboration with EY during the 2021 financial year was fit for purpose.

Tax

In accordance with the provisions in its Tax Policy, in 2021 Vastned again provided quarterly reports to the Supervisory Board on the execution of the tax policy and complied with all relevant rules regarding transparency in the area of taxation.

Annual figures 2020 and Management letter 2021

In 2021, the results of the 2020 financial year and the 2020 financial statements were discussed. At the end of 2021, EY's management letter for 2021 was discussed with the Supervisory Board. No issues were raised in the management letter that warrant mention in this report.

Internal auditor (BDO)

The Supervisory Board has an informal meeting with the internal auditor each year during which various matters are discussed. The internal audit function is the responsibility of the Executive Board; its objective is to test whether the set-up, existence and functioning of the internal control measures as described in Vastned's risk and control framework are effective. In 2021, BDO issued reports on the following two subjects:

(i) Cybersecurity
(ii) Data warehouse management

The reports referred to did not contain any significant findings.

Succession

Following the Annual General Meeting on 15 April 2021, Ms Charlotte Insinger stepped down as a member of the Supervisory Board. The Supervisory Board is grateful to Ms Insinger for her dedication over the past six years as a member of Vastned's Supervisory Board. As soon as possible, Vastned will introduce a proposal to appoint a new female member to the Supervisory Board. This person will qualify as a financial expert within the meaning of the Corporate Governance Code.

Diversity

Vastned seeks to ensure diversity within the company in the broadest sense. The Supervisory Board concludes that the Supervisory Board and the Executive Board are a good mix in terms of age, expertise, national and international experience and background. This conclusion includes the expectation that as soon as possible a female member will be appointed for the Supervisory Board. Vastned aims for the Supervisory Board, Executive Board and Executive Committee each to consist of at least 30% women and at least 30% men.

At the end of 2021, the sole statutory director was male.

The Executive Committee consists of seven persons, including six men and one woman. Within the Executive Committee there is diversity when it comes to age, educational and professional background and heritage. In the event of equal suitability, preference will be given to a woman when recruiting new members of the Executive Committee. Moreover, with 62% women and 38% men, Vastned is a diverse organisation when it comes to gender.

The Supervisory Board is of the opinion that a mixed make-up of the Supervisory Board, Executive Board and Executive Committee in terms of gender, age, expertise, national and international work experience and background can contribute significantly to the effective functioning of these bodies. In the sections Composition of the Executive Committee and Composition of the Supervisory Board of this annual report, more detailed information is provided on the individual members of the Executive Board, the Executive Committee and the Supervisory Board.

Permanent education and induction

Members of the Supervisory Board take training courses on all topics relevant to exercising supervision. The need for training is evaluated annually. Based on this evaluation, a training plan is drawn up each year.

Self-evaluation by the Supervisory Board

The Supervisory Board conducts an annual in-depth evaluation of its own performance. The self-evaluation aims to contribute to the effectiveness and decisiveness of the Board as a supervisory body of the company and to the creation of long-term value for all Vastned's stakeholders. The 2021 evaluation concluded, among other things, that the Supervisory Board must consist of at least three members to be able to carry out its tasks in an efficient manner.

Financial statements 2021 and dividend

Financial statements

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2021 financial year, as prepared by the Executive Board. The financial statements have been audited by Ernst & Young Accountants LLP, which issued an unqualified audit opinion. In accordance with the proposal of the Executive Board and the recommendations of the Audit and Compliance Committee, the Supervisory Board advises the Annual General Meeting on 14 April 2022:

i) To adopt the financial statements for the 2021 financial year in the form as presented in accordance with Article 26 of the company's Articles of Association;
ii) To discharge the member of the Executive Board from liability for the performance of their duties in the financial year 2021;
iii) To discharge the members of the Supervisory Board from liability for the performance of their duties in the financial year 2021.

Dividend policy

Vastned's dividend policy is to distribute at least 75% of the direct investment result per share as dividend. In principle, stock dividend will not be distributed.

Dividend proposal

The total dividend Vastned proposes to its shareholders accumulates to € 1.73 per share, representing a pay-out of 89.6% of the direct result of 2021. Following the interim dividend of € 0.53 per share paid in August, the final dividend is set at € 1.20 per share. On 20 April 2022, the Vastned share is expected to quote ex-dividend, and the final dividend will be made payable on 6 May 2022.

Acknowledgements

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

Amsterdam, 9 February 2022

The Supervisory Board of Vastned Retail N.V.

Marc C. van Gelder, Chair
Jaap G. Blokhuis

Members and attendance

Supervisory Board meetings 2021	Regular: 6	ad/hoc meetings
Marc C. van Gelder [c)]	6/6	18/18
Charlotte M. Insinger [1)]	2/2	6/6
Jaap G. Blokhuis	6/6	18/18

c) Chair.
1) Retired on 15 April 2021.

Other parties attending (parts of) meetings of the Supervisory Board were the CEO, the Head of Asset Management, the Finance Director, the Company Secretary, external auditor EY and internal auditor BDO.

In 2021, eighteen Supervisory Board ad-hoc meetings took place. All members were present at each of these meetings.

2021 Highlights

- Solid results despite COVID-19 challenges: evidence of high-quality portfolio
- Progress on objectives of 2021-2023 business plan
- Strategy update
- Good liquidity position thanks to Green RCF
- Cost savings through automation and organisational improvement
- Integrated reporting
- Updated Governance and Compliance

Priorities for 2022

- Monitoring implementation of 2022-2024 business plan and strategy update
- Nomination of new member of the Supervisory Board
- Ongoing promotion of long-term value creation
- Focus on cost control, focus on investing in automation
- Adjustment of Remuneration Policy to comply with new legislation to implement the Shareholders' Rights Directive
- Implementation and monitoring of the new ESG Policy

Supervisory Board committees and tasks

The regulations of the Supervisory Board may be downloaded from Vastned's website:
→ https://vastned.com/en/corporate-governance/supervisory-board

General and working methods

During the regular meetings (six in 2021), regular recurring subjects were discussed and evaluated, including the financial results and the operational state of affairs, as well as the reporting of these issues in press releases, financings, feedback on legal, tax and compliance-related matters and risk management.

During the meetings, the Supervisory Board considered positive and negative developments concerning the business.

In addition to the regular meetings of the Supervisory Board, frequent ad hoc meetings took place, as well as frequent consultations between individual members of the Supervisory Board and the sole member of the Executive Board (CEO). The CEO and the Chair of the Supervisory Board discussed current events and the general state of affairs within the company on an ongoing basis and held frequent intensive consultations.

The Chair of the Audit and Compliance Committee also had extensive contact with the CEO on investment decisions and financing options.

The Supervisory Board is supported by the Company Secretary.
His duties include:

- Following the correct procedures and acting in accordance with all obligations imposed by applicable law and regulations, including Dutch law, and the Articles of Association (including the obligations under these Regulations);
- Facilitating the provision of information of the Executive Board, the Supervisory Board and the Executive Committee;
- Assisting the Chair of the Supervisory Board with the actual organisation of the Supervisory Board (information, agenda, minutes, evaluation, lifelong learning programme etc.).

Report of the Audit and Compliance Committee

Members and attendance

Audit and Compliance Committee meetings 2021

	Regular: 4
Jaap G. Blokhuis c)	4/4
Marc C. van Gelder	3/3
Charlotte M. Insinger1)	1/1

C: Chair
1) Retired on 15 April 2021

As of 31 December 2021, the Audit and Compliance Committee has two members: Jaap Blokhuis (Chair) and Marc van Gelder. As soon as possible, Vastned will introduce a proposal to appoint a new member to the Supervisory Board. This person will qualify as a financial expert within the meaning of the Corporate Governance Code and will replace Marc van Gelder in the Audit and Compliance Committee.

Other parties attending (parts of) meetings of the Audit and Compliance Committee were the CEO, the Finance Director, the Company Secretary, external auditor EY and internal auditor BDO.

Highlights 2021

- Integrated reporting
- Monitoring of CSR objectives
- Monitoring of risk and control framework
- Monitoring of follow-up actions after Yardi implementation
- Monitoring of Covid-impact on Vastned

Priorities 2022

- Tax Policy
- Monitoring of risk and control framework
- Evaluation of internal audit plan for 2022 and drafting of Internal Audit plan for 2023
- Monitoring of impact of IFRS revisions

Duties

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

- The financial reporting process;
- The statutory audit of the annual accounts and the consolidated annual accounts;
- The company's risk management system; and
- Compliance with laws and regulations and the functioning of the codes of conduct.

The Audit and Compliance Committee reports quarterly on its deliberations and findings to the Supervisory Board.

It reports to the Supervisory Board at least once a year on developments in the relationship with the external auditor. Once every four years, the performance of the external auditor is evaluated. The regulations of the Audit and Compliance Committee may be downloaded from Vastned's corporate website:
https://vastned.com/en/corporate-governance/supervisory-board

Explanation of meeting topics and other information

The Audit and Compliance Committee had four meetings in 2021.

During the reporting year, one meeting was held with EY in the absence of the Executive Board. The committee also frequently consulted outside meetings, both internally and with the Executive Board.

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

- The 2020 annual accounts;
- The (interim) financial reporting for the 2021 financial year;
- The executed internal audits in 2021;
- Various developments within IFRS;
- Letting risks;
- Financing, interest management and liquidity of the company;
- Insurance matters;
- Calamities and liability risks;
- The company's tax and legal position;
- Internal control and administrative organisation;
- Integrity, publicity risks and shareholder requests;
- The updated governance structure;
- Compliance;
- IT risks;
- Compliance with other relevant legislation and regulations (including the GDPR and the Code); and
- Risk management.

Report of the Remuneration and Nomination Committee

Members and attendance

Remuneration and Nomination Committee meetings 2021	Regular: 2
Jaap G. Blokhuis [c]	2/2
Marc C. van Gelder	2/2

c) Chair

Highlights 2021

- Nomination and AGM appointment of Reinier Walta as CEO;
- Approval of appointments of members of Executive Committee;
- Further preparation for implementation of amended Shareholders' Rights Directive;
- Proposal for new Remuneration Policy for the Executive Board and Supervisory Board not adopted by AGM with required majority of 75%, so existing Remuneration Policy for the Executive Board remains in full force;
- Succession planning of the Supervisory Report and recruiting a third member.
- Monitoring of new HR employee appraisal system;
- Monitoring of Business Health Test as part of LTI;
- Execution of 360-degree evaluation of Executive Board;
- Determination of STI for 2020 and LTI for the period 2018-2020; and
- Preparation of the self-evaluation of the Supervisory Board.

Priorities for 2022

- Succession planning for the Supervisory Board and recruiting a third member;
- Adjustment of Remuneration Policy to comply with new legislation to implement the Shareholders' Rights Directive;
- Incorporation of ESG target within Remuneration Policy of the Executive Board;
- Overseeing of proper checks and balances within the updated governance structure; and
- Execution of 360-degree evaluation of Executive Board.

Duties

The duties of the Remuneration and Nomination Committee include:

- Preparation of the decision-making process for recruitment and selection, including drawing up selection and appointment criteria;
- Periodic evaluation of the Executive Board and Supervisory Board;
- Periodic assessment of the size of the Supervisory Board;
- Preparation of the decision-making process for the Remuneration Policy for the Executive Board and Supervisory Board; and
- Preparation of the annual accounting for the Remuneration Policy conducted in the Remuneration Report and its submission to the Annual General Meeting for an advisory vote.

The regulations of the Remuneration and Nomination Committee may be downloaded from Vastned's corporate website:

→ https://vastned.com/en/corporate-governance/regulations_compliance

Profile Supervisory Board and diversity

The profiles of both the Executive Board and the Supervisory Board ensure that both bodies are properly composed. The full text of both profiles is available on Vastned's website. On pages 75 and 77 of the annual report the personal details of each of the members of the Executive Board and the Supervisory Board are set out, to which reference is made here. The Supervisory Board is of the opinion that a mixed make-up of the Supervisory Board and the Executive Board in terms of gender, age, expertise, national and international work experience and background can contribute significantly to the effective functioning of these bodies.

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

	Year of Birth	Gender	International Experience	Management experience	Property	Finance & Investments	Retail Marketing	Social / Governance	Communication	Sustainability
Marc C. van Gelder	1961	m	X	X		X	X	X	X	
Charlotte M. Insinger [1]	1965	v	X	X	X	X				
Jaap C. Blokhuis	1958	m	X	X	X	X		X		X

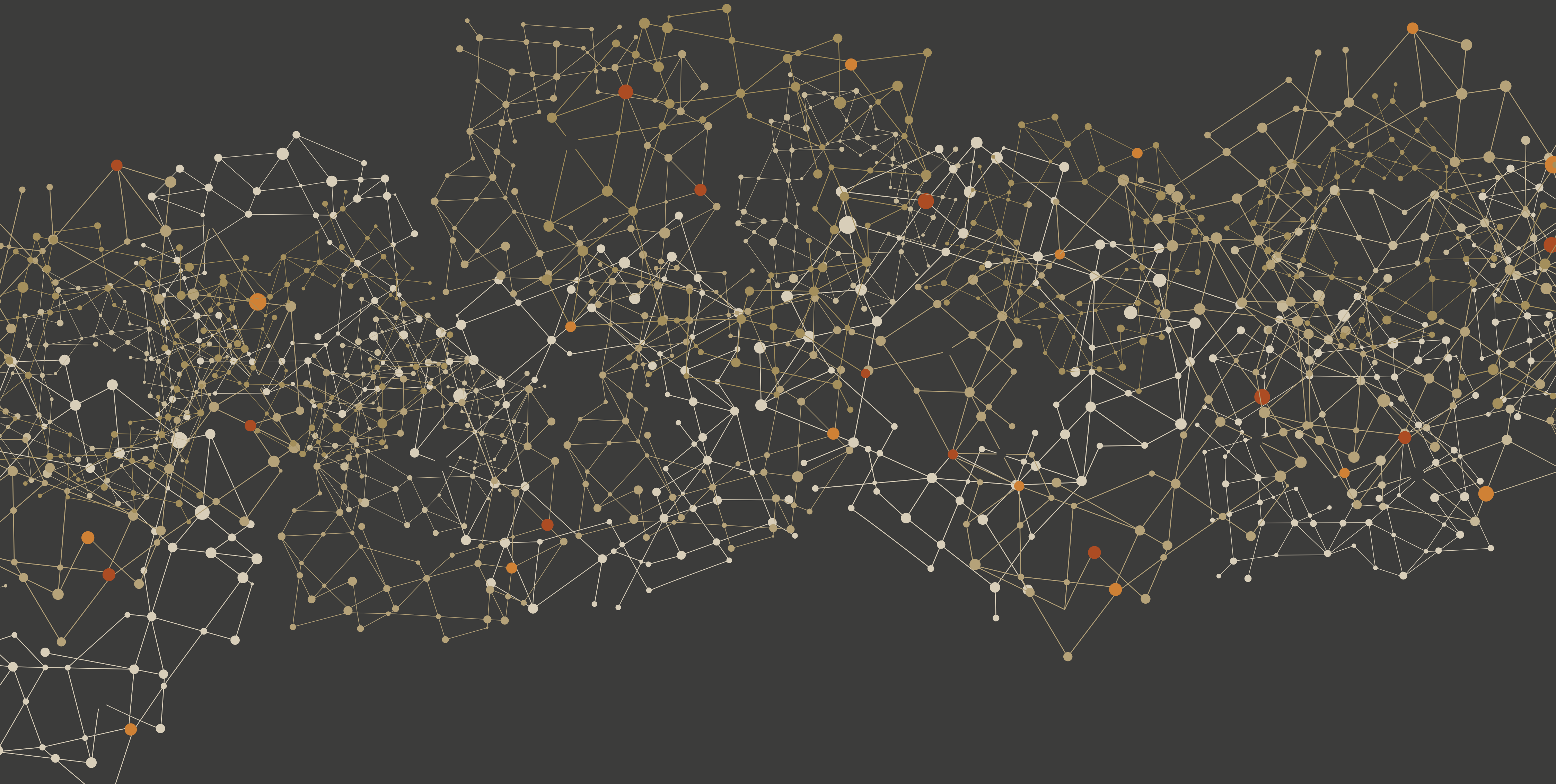
1) Retired on 15 april 2021.

Vastned's full diversity an inclusion policy may be downloaded from Vastned's website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

Remuneration report

The 2021 remuneration report for the Executive Board and the Supervisory Board is included in the next section of this annual report. The remuneration report will be submitted to the Annual General Meeting on 14 April 2022 for an advisory vote.

Remuneration Report



Remuneration report 2021

This remuneration report 2021 is comprised of two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2021. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2021.

Annual General Meeting

The advisory vote of the Annual General Meeting of 15 April 2021 on the 2020 Remuneration Report was negative, with 44.8% of the valid votes cast in favour and 55.2% of the valid votes cast against. The report in question was based on the Remuneration Policy adopted by the Annual General Meeting of shareholders on 19 April 2018. The negative advisory vote did not affect the remuneration paid to the members of the Executive Board for the 2020 financial year. In spite of this, the Executive Board and the Supervisory Board took note of this vote as a clear signal and, as a result, entered into a dialogue with (interest groups of) shareholders. The findings of these discussions have been included in the decision-making process. Based on these discussions, the structure of this Remuneration Report 2021 has been improved and simplified.

A proposal to adopt a (new) Remuneration Policy for both the Executive Board and the Supervisory Board was also submitted to the Annual General Meeting. These proposals were made in order to comply with the implementation legislation of the Shareholders' Rights Directive, which contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. The proposals included a simplification of the remuneration system for the Supervisory Board, which explicitly did not involve any change in the total remuneration per member of the Supervisory Board. Some technical amendments were also proposed to the existing Remuneration Policy for the Executive Board, which did not change the remuneration for the Executive Board either. Neither proposal obtained the required majority of at least 75% of the votes cast.

At the next Annual General Meeting to be held on 14 April 2022, proposals will again be submitted for the amendment or adoption of a (new) Remuneration Policy for the Executive Board and Supervisory Board in order to comply with the Shareholders' Rights Directive.

The proposed changes will reflect that the Executive Board will no longer be composed of two members (CEO and CFO), but only one (CEO). Furthermore, the proposed Remuneration Policy will include a quantitative ESG target as one of the elements in the Business Health Test (part of LTI).

The amendments to the Remuneration Policy of the Supervisory Board concern a simplification that reflects the smaller composition of the Supervisory Board, which has been reduced from four members to three. The total remuneration received by each member of the Supervisory Board remains unchanged, in addition to which there are no separate fees for committee membership, only for chairmanship. These factors have resulted in lower costs and greater simplification.

Remuneration of the Executive Board

Executive Board Remuneration Policy

Vastned's current Executive Board Remuneration Policy was adopted by the Annual General Meeting of shareholders on 19 April 2018 and took retrospective effect as of 1 January 2018.

The full text of the Remuneration Policy is available on Vastned's website:
→ https://vastned.com/en/corporate-governance/regulations_compliance

In formulating the Remuneration Policy and its execution, the objectives of the strategy to realise long-term value creation were taken into account (see also the section Long-term value creation in the 2021 annual report).

In the Remuneration Policy, furthermore, account was taken of Vastned's identity, mission and values and public support. The Policy and its implementation are shaped in such a way that the member of the Executive Board receives a remuneration that is in line with Vastned's identity as a European listed property company whose main focus is to create long-term value for all stakeholders in the company. In this, special attention has been given to the social context and the society that Vastned is part of, with due observance of the business' necessary competitiveness. The principle in this is that the total remuneration of the Executive Board, also in view of the weight of the position and the responsibilities associated with a listed property company, must at all times be in reasonable proportion to the salaries and employment conditions of Vastned's employees and must be in line with the pay ratios that are in effect within the company. The reasonableness of the pay ratios within Vastned is continuously monitored based on benchmarks and reports, both internal and external.

Employment agreements of the Executive Board

Duration of the agreement

Since 1 December 2020, Reinier Walta has held the position of interim CEO. The proposal for the appointment of Reinier Walta as sole statutory director (CEO) of Vastned was adopted in the AGM on 15 April 2021. Reinier Walta's appointment will be for a four-year term, starting on 15 April 2021 and ending after the Annual General Meeting held in 2025.

For the member of the Executive Board, Vastned must observe a notice period of six months, the member himself three months.

The Employment contract of the Executive Board complies with the Dutch Corporate Governance Code.

Dismissal payments

Dismissal payments are limited to twelve months' fixed remuneration.

Share ownership guidelines

Based on the share ownership guidelines in the Remuneration Policy, the members of the Executive Board must build up a position in Vastned shares equal to 300% of the most recently adopted fixed remuneration, whereby the Executive Board should strive to build up the minimum shareholding within five calendar years.

Position at year-end 2021

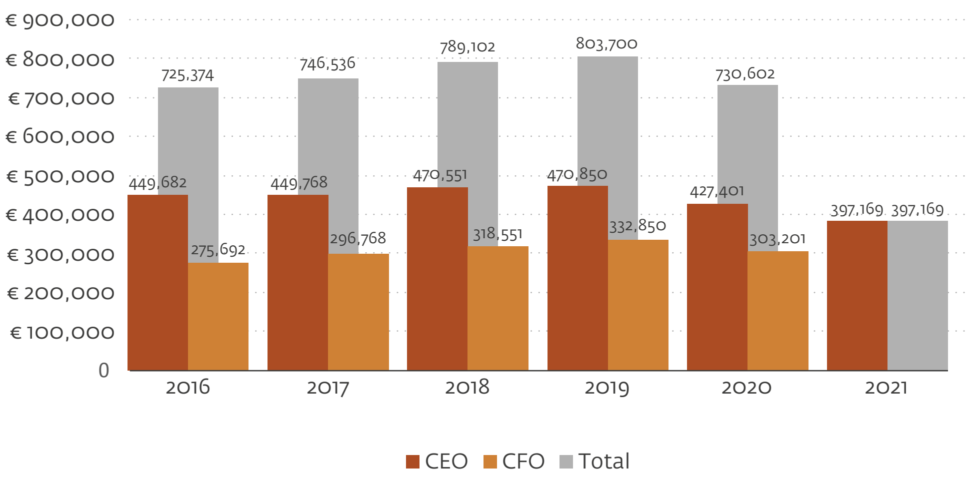
As at year-end 2021, Reinier Walta had accumulated a Vastned shareholding of 5,075 shares at his own personal expense. At a closing share price of € 24.00, this represented 31.23% of Reinier Walta's fixed remuneration as at 31 December 2021. As such, Reinier Walta has yet to meet the minimum shareholding requirement. According to the share ownership guidelines outlined by Vastned, the member of the Board is obliged to use the cash payment under the LTI-plan to acquire Vastned shares until the share ownership guidelines are met.

Fixed remuneration

Reinier Walta received a fixed allowance for his position as interim CEO until 15 April 2021. The fixed remuneration of the CEO per reference date 15 April 2021 is € 390,000 excluding social security contributions and pension. The following diagram presents the fixed remuneration of the Executive Board in 2021.

Fixed Remuneration Reinier Walta 2021	Start date	End date	Amount
CFO fixed remuneration	1/1/2021	15/04/2021	€ 93,917
Allowance interim CEO	1/1/2021	15/04/2021	€ 14,000
CEO fixed remuneration	15/04/2021	31/12/2021	€ 276,250
Total			**€ 384,167**

The following diagram presents the fixed remuneration including social security contributions of the Executive Board in the period between 2016 and 2021.



Variable remuneration

The Remuneration Policy states that the total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration is comprised of 40% short-term variable remuneration ('STI') and 60% long-term variable remuneration ('LTI').

Short-Term Incentives (STI)

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. The targets for the three financial STI objectives have a threshold (i.e., a minimum level that must be met for the STI to be awarded; in which case a weight of 15% of the total STI applies) and a 'maximum' award (a weight of 25% of the total STI). Between the threshold and the maximum, the STI is awarded pro rata.

The first shared quantitative STI target in 2021 was related to the total occupancy rate of the portfolio at year-end 2021. The threshold for an award based on this target was a total occupancy rate of the portfolio at year-end 2021 of at least 96% (in which case a 15% award applies) and the maximum of this target was at least 98% (in which case a 25% award applies). The occupancy rate at year-end 2021 was 97.9%.

The second shared quantitative STI target was related to the target of realising a cost saving of € 800,000 by the end of 2021 compared to year-end 2020. The threshold for an award based on this target was a general cost saving of € 700,000 (in which case a 15% award applies) and the maximum of this target was at least a general cost saving of € 900,000 (in which case a 25% award applies). The cost savings at year-end 2021 amounted to € 942,000.

The third shared quantitative STI target in 2021 was related to the total collection rate of the portfolio at year-end 2021. The threshold for an award based on this target was a total collection rate of the portfolio at year-end 2021 of at least 87.5% (in which case a 15% award applies) and the maximum of this target was at least 92.5% (in which case a 25% award applies). The collection rate at year-end 2021 was 95.7%.

In 2021, the objective of the qualitative STI target for the CEO focused on creating long-term value in the setting of the strategy and business plan of the company. The decline in the share of traditional fashion brands in the portfolio, and reducing the number of FTEs is also taken into account. At year-end 2021, the CEO had realized 30% of his qualitative STI targets (7.5% of the STI).

This brings the CEO's total STI to: 82% (being 24.5% + 25% + 25% + 7.5% realisation of the STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 390,000) = € 127,920

#	Test	Treshold	Maximum	Realisation	STI award %	Absolute
1	Occupancy Rate	96%	98%	97.9%	24.5%	€ 38,220
2	Cost savings	€ 700,000	€ 900,000	€ 942,000	25%	€ 39,000
3	Collection Rate	87.5%	92.5%	95.7%	25%	€ 39,000
4	Qualitative STI target			30.0%	7.5%	€ 11,700
Total					**82.0%**	**€ 127,920**

Long-Term Incentives (LTI) 2019-2021

The LTI can range from 0% to a maximum of 60% of the fixed remuneration, and in each year covers a three-year period. The 2021 LTI covers the period 2019-2021. The LTI scheme has the following three elements:

- A Relative Total Shareholder Return (RTSR) test (40%) [1];
- An Absolute Total Shareholder Return (ATSR) test (30%) [2];
- A Business Health test (30%) [3].

1. The RTSR test sets 40% of the total LTI. For a description of the test and the peer group we refer to Paragraph 4.3.2.2 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. In the defined peer group Vastned came third based on the figures at year-end 2021, so 72% is awarded based on the RTSR test. As a result, 72% * 40% = 28.8% of the RTSR-based LTI is payable (equal to 28.8% (based on the RTSR test) * 60% (weight of LTI in total calculation) = 17.28% of the annual salary).
2. The ATSR test sets 30% of the total LTI. For a description of the test, we refer to Paragraph 4.3.2.3 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. The threshold for the realisation of the ATSR is 10% ATSR and realisation above 25% ATSR results in the maximum award. On 31 December 2021, the total shareholder return for the period 1 January 2019 up to and including 31 December 2021 was -13.16%. Since at the reference date, the ATSR for the period 1 January 2019 up to and including 31 December 2021 was not above 10% at year-end 2021, 0% LTI is payable based on the ATSR test.
3. The Business Health test determines 30% of the total LTI. For a description of the test, we refer to Paragraph 4.3.2.4 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. As the principle in the assessment of this test, initially the impact of the annual STI targets is measured over a three-year period, but it also takes account of other, non-financial performance indicators. The Supervisory Board evaluates the Executive Board's strategic leadership, the tone at the top (important also in the context of risk management), employee satisfaction, the implementation of the strategy and last but not least the objectives for corporate social responsibility that the Executive Board has set for itself. The Remuneration and Nomination Committee has also taken these aspects into account in its deliberations and weighed them during an extensive 360-degree evaluation of the member of the Executive Board, for which several discussions were held with staff, members of the Executive Committee and various country managers. The 360-degree review resulted in a positive evaluation of Reinier Walta. In subsequent discussions with the CEO, the Remuneration and Nomination Committee took note of his views on the level and structure of his own remuneration, whereby attention was given to Vastned's remuneration system and the level of the fixed and variable remuneration components, the situation with COVID-19 and its impact on society in 2021, the performance criteria used, the scenario analyses performed and the pay ratios within Vastned and the business associated with it. The Business Health Test score resulted in an 18% payout.

Schematically, the structure of the Executive Board's LTI for the period 2019-2021 can be represented as follows:

#	Test	Realisation test	LTI award %	Absolute LTI award	Comments
1	Relative Total Shareholder Return test ('RTSR')	3	40% van 72% = 28.8%	€ 67,392	Vastned finished in 3rd position within the reference group
2	Absolute Total Shareholder Return test ('ATSR')	-13.16%	0	€ 0	No payment because the minimum was not achieved
3	Business Health test	60%	18%	€ 42,120	The Business Health Test resulted in a 18% payout
Total			**46.8%**	**€ 109,512**	

Reinier Walta's maximum LTI over the performance period 2019-2021 was 60% of € 390,000 (of which € 109,512 was realised).

The Supervisory Board has not availed itself of its right to adjust or claw back the incentives awarded to the Executive Board on the 2020 reporting year or earlier.

Pension

The member of the Executive Board does not pay his own contributions to his pension schemes; these contributions are paid by Vastned. Reinier Walta's pension was based on a defined contribution scheme as of 1 January 2021. Based on the Pension Agreement, the expected retirement age for Reinier Walta is 68 years and three months

Pension compensation

Reinier Walta participates in Vastned's pension scheme. As of 1 January 2015, the tax relief on pension accrual was adjusted based on new tax legislation, and now only the maximum pensionable salary in any year is pensionable. It has been agreed with Reinier Walta that he is compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to pay in. The same arrangement has been agreed with other Vastned employees.

The pension contribution for Reinier Walta in 2021 was € 25,813 for the part up to the maximum pensionable salary in that year. For the part above the maximum pensionable salary, Reinier Walta received compensation of € 37,166 in 2021. This pension compensation does not qualify as part of the fixed remuneration. The total compensation was € 62,929 (17% * € 370,166 (fixed remuneration, excluding fixed allowance for Reinier Walta's position as interim CEO)). Based on tax legislation, the partner pension under the pension scheme that is in effect at Vastned is also limited.

Loans

Vastned did not provide any loans or guarantees to members of the Executive Board in 2021.

Total remuneration

Overview of total remuneration paid to the Executive Board

The table below presents the remuneration awarded to the Executive Board in 2021 (€):

	Fixed Remuneration	Social security contributions	Pension [1]	Other benefits [2]	STI	LTI	Total
Reinier Walta	384,167	13,002	70,724	27,039	127,920	109,512	732,364

1) Including WIA top-up premiums.
2) Concerns expenses relating to company car.

Remuneration and operating results	2021	2020	2019	2018	2017
Operating result					
Turnover (x € 1,000)	62,216	64,916	69,288	77,060	77,480
Direct result (x € 1,000)	33,058	31,727	35,041	40,354	41,134
Average remuneration (on full-time basis)					
Directors of the company (x € 1,000)	705	502	628	736	654
• CEO [1]	705	585	734	879	789
• CFO [1]	-	419	521	593	519
Employees of the company (x € 1,000)	104	108	106	110	129
Pay ratio	6.8	4.6	5.9	6.7	5.1

1) Including social insurance contributions and pension, excluding other benefits.

Pay ratios within Vastned

In accordance with the best-practice provisions in the Code, Vastned reports on the pay ratios of the Executive Board compared to those of a 'representative reference group' defined by the company. Vastned has elected to compare the remuneration of the CEO Reinier Walta for the whole of 2021 with that of the average employee.

The total financial remuneration (i.e., excluding non-financial remuneration elements such as travel expenses, but including pension charges) of all Vastned employees (excluding the remuneration of the CEO) for the relevant tax year was used as the reference point. To calculate the ratio, the salaries of employees who as at 31 December 2021 had not yet been employed for a full year were annualised as if the relevant employee had been employed throughout the year. Using this method, the ratio between the CEO's remuneration as presented in the diagram on on this page and that of an average employee for the 2021 tax year was 6.80:1 (2020: 4.60: 1, 2019: 5.90: 1, 2018: 6.70: 1). This increase over the year 2021 is mainly the result of STI-waiver given early 2021 over the year 2020 affecting the comparison base.

Remuneration of the Supervisory Board

Competitive compensation is awarded to the members of the Supervisory Board that does not include performance-based elements. Thus, the remuneration contributes to safeguarding independent expert supervision in the interests of the company and its long-term performance.

The total remuneration of Vastned's Supervisory Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Employment Market Peer Group as described in the Remuneration Policy. The findings of this comparison were then compared by way of a double reasonableness test with all the companies in the AScX index. The benchmark survey showed that the total remuneration of the chairman and the members of the Supervisory Board were between the 25th percentile and the median of those of comparable companies.

The remuneration system applicable to the Supervisory Board was adopted at the Annual General Meeting on 20 April 2017. As explained above, at the 2021 Annual General Meeting the decision was taken not to adopt the proposal to introduce the new Remuneration Policy for the Supervisory Board, leaving the existing (2017) system in place as the basis for determining Supervisory Board remuneration. Following the non-adoption of the new policy, the proposal was discussed and explained in more detail in a consultation round with certain (interest groups of) shareholders. Emphasis was again placed on the fact that the proposed amendment does not involve an increase in remuneration, but rather merely a simplification of the current system. As a result of this simplified system, separate fees for committee membership would be dropped, and only a committee chair would receive a supplement. The total remuneration received by each member of the Supervisory Board would be unchanged.

The proposal to adopt a new Remuneration Policy for the Supervisory Board will be voted on again at the forthcoming Annual General Meeting on 14 April 2022. The proposed Remuneration Policy explicitly excludes an increase in the total remuneration received by each member. Rather, the proposed policy entails the simplification of the current remuneration system in reflection of the reduction in size of the Supervisory Board (from four members to three) and to avoid double counting (e.g., in the case of a member who is both a member of the Audit and Compliance Committee and Chairman of the Remuneration and Nomination Committee). The replacement of the existing system with a simpler one, which only provides supplements for chairmanships of specific committees (as a result of which separate supplements for membership will be discontinued), takes into account the division of roles within the current composition of the Supervisory Board, as well as the more compact size of the Board.

After the adoption of the Remuneration Policy for the Supervisory Board, the Remuneration Policy will then again be put to the Annual General Meeting for adoption at least every four years.

The remuneration of the Supervisory Board as at 31 December 2021 was as follows:

Chairman	**€ 48,000**
Member (not being chairman)	**€ 36,000**
• Supplement chairman audit and compliance committee	€ 7,750
• Supplement member (not being chairman) audit and compliance*	€ 5,500
• Supplement chairman remuneration and nomination committee	€ 6,750
• Supplement member (not being chairman) remuneration and nomination committee*	€ 4,750

* In the proposal for the adoption of a new Remuneration Policy for the Supervisory Board, the supplements per member (not being the chairman) are dropped and only a supplement for the chairmanship of a committee is granted.

All members also received 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 2021

The table below presents the remuneration awarded to the Supervisory Board in 2021 (€):

	Supervisory Board	Audit & Compliance Committee	Remuneration & Nomination Committee	Expense Allowance	Total
Marc C. van Gelder C)	48,000	-	4,750	1,250	54,000
Charlotte M. Insinger 1)	10,500	2,260	-	365	13,125
Jaap G. Blokhuis 2)	36,000	5,500	4,750	1,250	47,500
Total	**94,500**	**7,760**	**9,500**	**2,865**	**114,625**

C) Chair. Marc van Gelder waived his supplement for being a member of the Audit and Compliance Committee (effective 15 April 2021)
1: Retired on 15 April 2021
2: Jaap Blokhuis waived his supplements for being Chair of both the Audit and Compliance Committee (effective 15 April 2021) and the Remuneration and Nomination Committee.

Overview of the remuneration granted to the Supervisory Board in 2017 - 2021

The table below presents the remuneration awarded to the Supervisory Board in 2017 – 2021 (x € 1.000):

	2021	2020 3)	2019	2018	2017
M.C. van Gelder	54	48	53	53	53
C.M. Insinger	13	39	44	44	44
J.G. Blokhuis	47.5	38	29	–	–
M. Bax	–	20	43	43	43
J.B.J.M. Hunfeld	–	–	12	41	41
Total	**114.5**	**145**	**181**	**181**	**181**

3) Including a 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19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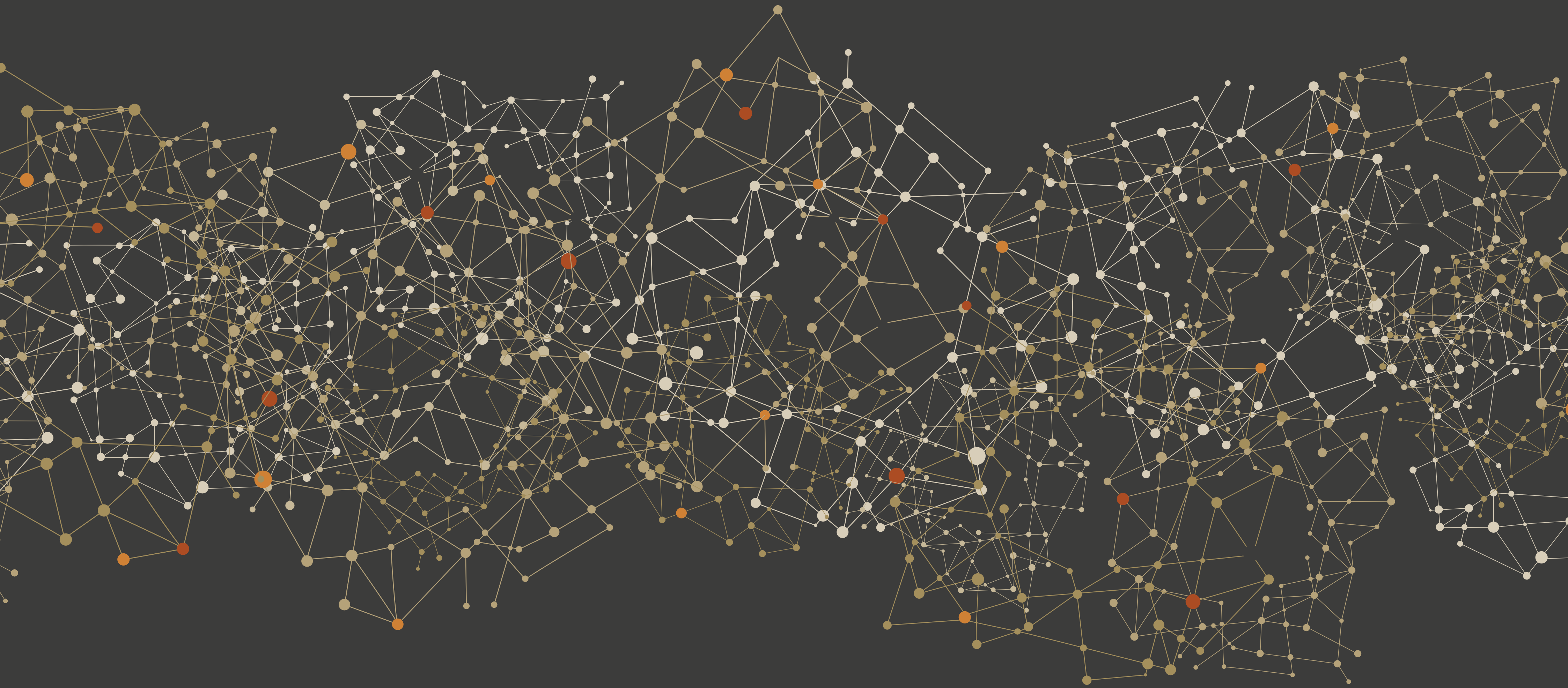
Financial Statements



Consolidated profit and loss account

(€ thousand)

Net income from property	Note	2021	2020
Gross rental income	4, 24	62,216	64,916
Other income	4	490	508
Net service charge expenses	4	(142)	(367)
Operating expenses	4	(5,942)	(8,039)
Net rental income		**56,622**	**57,018**
Value movements in property in operation	5	(26,531)	(84,390)
Total value movements in property		**(26,531)**	**(84,390)**
Net result on divestments of property	6	234	1,497
Total net income from property		**30,325**	**(25,875)**

Expenditure			
Financial income	7	36	14
Financial expenses	7	(11,906)	(13,127)
Value movements in financial derivatives	7	3,584	(2,091)
Net financing costs		**(8,286)**	**(15,204)**
General expenses	8	(6,707)	(7,418)
Total expenditure		**(14,993)**	**(22,622)**
Result before taxes		**15,332**	**(48,497)**
Current income tax expense	9	(633)	(657)
Movement deferred tax assets and liabilities	9, 18	1,128	4,862
Total income tax		**495**	**4,205**
Result after taxes		**15,827**	**(44,292)**
Result attributable to Vastned Retail shareholders		14,405	(41,340)
Result attributable to non-controlling interests	27	1,422	(2,952)
		15,827	**(44,292)**

Per share (€)	Note	2021	2020
Result	10	0.84	(2.41)
Diluted result	10	0.84	(2.41)

Consolidated statement of comprehensive income

(€ thousand)

	Note	2021	2020
Result after taxes		15,827	(44,292)
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	19	237	(620)
Other comprehensive income after taxes		**237**	**(620)**
Total comprehensive result		**16,064**	**(44,912)**
Attributable to:			
Vastned Retail shareholders		14,642	(41,960)
Non-controlling interests		1,422	(2,952)
		16,064	**(44,912)**

Consolidated balance sheet as at 31 December

(€ thousand)

Assets	Note	2021	2020
Property in operation	13	1,435,783	1,469,548
Accrued assets in respect of lease incentives	13	4,857	5,597
Total property		**1,440,640**	**1,475,145**
Intangible fixed assets		374	500
Tangible fixed assets		867	877
Rights-of-use assets		675	395
Financial derivatives	22	27	–
Total fixed assets		**1,442,583**	**1,476,917**
Assets held for sale	14	–	7,410
Debtors and other receivables	15, 22	11,087	17,302
Cash and cash equivalents	16	772	876
Total current assets		**11,859**	**25,588**
Total assets		**1,454,442**	**1,502,505**

Equity and liabilities	Note	2021	2020
Paid-up and called-up capital	17	95,183	95,183
Share premium reserve		468,555	468,555
Other reserves		134,929	214,797
Result attributable to Vastned Retail shareholders	10	14,405	(41,340)
Equity Vastned Retail shareholders		**713,072**	**737,195**
Equity non-controlling interests	27	78,927	81,098
Total equity		**791,999**	**818,293**
Deferred tax liabilities	18	9,074	10,688
Provisions in respect of employee benefits	19	6,052	6,407
Long-term interest-bearing loans	20	612,952	624,793
Long-term lease liabilities	20, 24	3,393	3,384
Financial derivatives	22	1,212	4,769
Guarantee deposits and other long-term liabilities		3,912	3,943
Total long-term liabilities		**636,595**	**653,984**
Payable to banks	20	3,320	8,547
Short-term lease liabilities	20, 24	263	272
Income tax		834	398
Other liabilities and accruals	21	21,431	21,011
Total short-term liabilities		**25,848**	**30,228**
Total equity and liabilities		**1,454,442**	**1,502,505**

Consolidated statement of movements in equity

(€ thousand)

	Capital paid up and called	Share premium reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Equity on controlling interests	Total Equity
Balance as at 1 January 2020	95,183	468,555	207,561	22,435	793,734	89,132	882,866
Result	–	–	–	(41,340)	(41,340)	(2,952)	(44,292)
Other comprehensive income	–	–	(620)	–	(620)	–	(620)
Comprehensive income	**–**	**–**	**(620)**	**(41,340)**	**(41,960)**	**(2,952)**	**(44,912)**
Final dividend for previous financial year in cash	–	–	–	(14,579)	(14,579)	(5,082)	(19,661)
Interim dividend 2020 in cash	–	–	–	–	–	–	–
Contribution from profit appropriation	–	–	7,856	(7,856)	–	–	–
Balance as at 31 December 2020	**95,183**	**468,555**	**214,797**	**(41,340)**	**737,195**	**81,098**	**818,293**
Result	–	–	–	14,405	14,405	1,422	15,827
Other comprehensive income	–	–	237	–	237	–	237
Comprehensive income	**–**	**–**	**237**	**14,405**	**14,642**	**1,422**	**16,064**
Final dividend for previous financial year in cash	–	–	–	(29,674)	(29,674)	(3,593)	(33,267)
Interim dividend 2021 in cash	–	–	(9,091)	–	(9,091)	–	(9,091)
Contribution from profit appropriation	–	–	(71,014)	71,014	–	–	–
Balance as at 31 December 2021	**95,183**	**468,555**	**134,929**	**14,405**	**713,072**	**78,927**	**791,999**

Consolidated cash flow statement

(€ thousand)

Cash flow from operating activities	Note	2021	2020
Result after taxes		15,827	(44,292)
Adjustments for:			
Value movements in property	5	26,531	84,390
Net result on divestments of property	6	(234)	(1,497)
Net financing costs	7	8,286	15,204
Income tax	9	(495)	(4,205)
Cash flow from operating activities before changes in working capital and provisions		**49,915**	**49,600**
Movement in current assets		6,114	(7,880)
Movement in short-term liabilities		678	1,208
Movement in provisions		(187)	(394)
		56,520	**42,534**
Interest received		36	14
Interest paid		(11,589)	(13,229)
Income tax paid		(683)	(748)
Cash flow from operating activities		**44,284**	**28,571**

Cash flow from investing activities			
Capital expenditure on property		(2,464)	(3,134)
Divestments of property		17,905	12,366
Cash flow from property		**15,441**	**9,232**
Movement in other fixed assets		136	136
Cash flow from investing activities		**15,577**	**9,368**

Cash flow from financing activities	Note	2021	2020
Dividend paid	11	(38,765)	(14,579)
Dividend paid to non-controlling interests	27	(3,593)	(5,082)
Interest-bearing loans drawn down	20	–	44,203
Interest-bearing loans redeemed	20	(17,576)	(62,871)
Movements in guarantee deposits and other long-term liabilities		(31)	305
Cash flow from financing activities		**(59,965)**	**(38,024)**
Net increase/(decrease) in cash and cash equivalents		**(104)**	**(85)**
Cash and cash equivalents as at 1 January	16	876	961
Cash and cash equivalents as at 31 December		**772**	**876**

Notes on the consolidated financial statements

1. General information

Vastned Retail N.V. (hereinafter also referred to as 'the company' or 'Vastned'), with its registered office in Amsterdam and principal place of business in Hoofddorp, the Netherlands, is a European listed property company (Euronext Amsterdam: VASTN) focusing on the best property on the popular high streets of selected European cities with a historic city centre, where shopping, living, working and leisure converge. Vastned's property clusters have a strong tenant mix of international and national retailers, hospitality businesses, residential tenants and office tenants. Properties are located in the Netherlands, France, Belgium and Spain.

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

Vastned is listed on the Euronext stock exchange in Amsterdam.

The consolidated financial statements of the company comprise the company and its subsidiaries (jointly referred to as 'the Group').

2. Significant principles for financial reporting

2.1 Statement of compliance

The consolidated financial statements of the company are presented in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (IFRS-EU) and also comply with statutory provisions with respect to the financial statements as set out in Title 9 of Book 2 of the Dutch Civil Code. These standards also comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC), as far as they apply to the Group's activities, effective for financial year beginning 1 January 2021.

New or amended standards and interpretations that became effective on 1 January 2021

The amended standards and interpretations that came into effect in 2021 are listed below.

- **Amendments to IFRS 16 Leases: w-19-Related Rent Concessions beyond 30 June 2021** (effective 1 April 2021 for financial years starting on or after 1 January 2021)

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2**
  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
  - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

For our considerations regarding the IBOR transition reference is made to *note 22*.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

New and amended standards and interpretations accepted by the European Union that will be effective for financial years starting on or after 1 January 2022 are not yet being applied by the Group

The following new and/or amended IFRS standards have been adopted, but are not yet effective, and therefore have not yet been applied by the Group:

- **Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework** (effective for financial years starting on or after 1 January 2022)
- **Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use** (effective for financial years starting on or after 1 January 2022)
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract** (effective for financial years starting on or after 1 January 2022)
- **Improvements to IFRS Standards 2018-2020** (effective for financial years starting on or after 1 January 2022)

The Executive Board does not expect the application in future periods of the standards mentioned above will have a material impact on the financial statements of the Group.

New or amended standards and interpretations not yet adopted by the European Union

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

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current** (if adopted, effective for financial years starting on or after 1 January 2023)
- **Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies** (if adopted, effective 1 January 2023)
- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** (if adopted, effective 1 January 2023)
- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (if adopted, effective 1 January 2023)

The Executive Board does not expect the application in future periods of the standards mentioned above will have a material impact on the financial statements of the Group.

2.2 Principles applied in the presentation of the financial reporting

The financial statements are presented in euros; amounts are rounded to the nearest thousand euros unless stated differently. Property and financial derivatives are valued at fair value; the other items in the financial statements are valued at historical cost unless stated otherwise. Historical cost is generally based on the fair value of the compensation provided in exchange for goods and services.

The fair value is the amount for which an asset can be traded, or a liability settled, between well-informed, independent parties who are prepared to enter into a transaction, irrespective of whether its prices are directly observable or estimated using a different valuation method. When estimating the fair value of an asset or liability, the Group takes account of the characteristics of the asset or liability if a market actor would take account of these characteristics in valuing the asset or liability on the valuation date. Fair values for valuation or explanation purposes in these consolidated financial statements are determined on such a basis, except for lease transactions that fall under the scope of IFRS 16.

The main principles used in Vastned’s financial reporting are presented below.

Amortised cost

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

Netting

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

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

Judgements, estimates and assumptions

In the preparation of the consolidated financial statements in compliance with IFRS-EU, the Executive Board has made judgements concerning estimates and assumptions which impact the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on historical 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 reviewed, or if the estimate also impacts future periods, also in 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 which present a significant risk of material adjustment of book values in the subsequent financial year are presented below.

Judgements

In the application of the Group's principles for financial reporting, the Executive Board, in consultation with the Audit and Compliance Committee, made the following judgements that have the most significant impact on the figures in the consolidated financial statements. For (more) specific explanations per balance sheet item and of items in the profit and loss account, reference is made to the general principles and notes to these items and to *12 Fair value*.

Going concern

Even though at this time, forecasts show a persisting economic recovery, the numbers of hospitalisations and deaths are strongly declining and many government measures are being lifted again, the continuing presence of COVID-19 and its impact on public health causes the world to remain in a crisis mode. The property sector also continues to experience the consequences of this crisis; landlords of retail properties are faced with retailers who, either due to government measures or for other reasons, have had to close or adjust their business and as a result have found themselves in financial difficulties. A significant number of tenants have informed Vastned, mainly during the first half-year of 2021, that they desired temporarily amended rent and payment terms because of this. In response, Vastned continued to apply the approach of making individual arrangements with tenants, taking account of all relevant facts and circumstances. The concessions Vastned has had to make to its tenants have negatively impacted its 2021 results. The Executive Board believes that, in spite of the foregoing considerations, the company's liquidity position for 2022 will be fully adequate to continue to meet its obligations and also to remain within the current covenants agreed with its lenders. The negative impact of the crisis on the valuation of Vastned's property portfolio has remained limited due to the strategic choice to invest in the best properties on the most popular high streets; as a result, the company will be able to continue to comply with the ratios agreed with lenders. For these ratios at the balance sheet date, reference is made to *notes 13* and *22*. Based on these facts and considerations, the Executive Board concludes that there is no uncertainty about the Company's ability to continue as a going concern.

Leases

- **Lease term**
  In the accounting of the lease income in the case of an operating lease, the Group considers what can be reasonably expected concerning the performance and the effect of the lease, including the most probable lease term, partly based on specifically agreed issues and economic circumstances and incentives.

- **Classification – the Group as lessor**
  The Group has concluded leases for its property. Based on an evaluation of the provisions and conditions of the agreements, such as whether or not the lease period covers a significant portion of the useful life of the property and whether or not the present value of the minimum lease payments principally concern all amounts of the fair value of the property, the Group has determined that it retains all the principal risks and benefits of ownership of the property and therefore presents the contracts as operating leases.

Income from contracts with clients

- **Obligations to perform and principal-agent considerations in the event of services to customers.**
  The Group provides certain services to lessees of property, as outlined in the contract that the Group enters into as a lessor. These services are provided by third parties. The Group charges service charges for this. Service charges are expenses for power, doormen, garden maintenance, etc., which can be charged to the tenant under the terms of the lease, whereby the Group can be regarded as an agent. For this reason, the expenses and amounts charged are not specified in the profit and loss account. For further explanation, reference is made to *2.17 Service charges*.

  In France, lessees are charged contractually agreed fees for the management of general areas of the property. The fees are related to the rent charged to lessees and the floor area leased. The fees are not necessarily equal to the costs of the services. As a result, the Group receives the remaining benefits. The Group is also responsible for providing these services, so based on this principle the Group has control of these services. As a result, the Group can be regarded as a principal. These fees are presented under 'Other income'.

- **Determining the time of sale of a property**
  Contracts relating to the sale of property are recognised in principle at the time when control is transferred to the buyer, being the time when the property is delivered to the buyer and this party can therefore actually make use of the property. For an

unconditional exchange of contracts, it is generally expected that control is transferred to the buyer along with the legal title.

Estimates and assumptions
Presented below are the main assumptions regarding future and other significant sources of estimate uncertainty on the reporting date that constitute a significant risk that the book value of assets and liabilities may cause a material adjustment in the following financial year. The Group has based its assumptions and estimates on available parameters in the preparation of the consolidated financial statements. Existing circumstances and assumptions for future developments may change, however, as a result of market changes or circumstances beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Valuation of property
All the property in operation is appraised at least once per year by independently certified appraisers. These appraisals are based on assumptions including the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a degree of uncertainty. The actual outcomes may therefore differ from the assumptions, and this may have a positive or negative effect on the value of the property in operation and, as a consequence, on the result.

The COVID-19 outbreak, declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted, and continues to impact, many aspects of daily life and the global economy. As a result, some real estate markets have experienced lower levels of transactional activity and liquidity. A varying number of travel, movement and operational restrictions have been implemented by many countries over this period, including the countries in which Vastned is active. Although these may imply an ongoing effect of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant indicators at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the valuation of Vastned's property portfolio is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards as per December 31, 2021, as was the case for part of the portfolio as per December 31, 2020. For further explanation, reference is made to *note 13*.

Income tax
Deferred tax assets are included for unused tax losses to the extent that it is probable there will be tax profits available against which the losses can be offset. Significant estimates and assumptions are required to determine the value of deferred tax assets that can be recognised, based on the probable time and the level of future taxable profits, along with future tax planning strategies. Further details on taxes are presented in *9 Income tax*.

Provision for expected credit losses
The Group employs a provisions matrix for the calculation of expected credit losses on receivables. The provision rates are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment. Further details on expected credit losses are presented in *15 Debtors and other receivables.*

Legal proceedings
As at 31 December 2021, there were no legal proceedings whose final outcome the Executive Board expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the result. If the outcome of any legal proceedings should differ from the Executive Board's estimates, this might have a negative impact on the result.

The accounting principles for financial reporting under IFRS as endorsed by the European Union, set out below, have been applied consistently within the Group and for all periods presented in these consolidated financial statements.

2.3 Principles for consolidation
Subsidiaries
Subsidiaries are entities over which the company has direct or indirect predominant control. The company has predominant control if:
- it has power over the entity;
- it is exposed to or entitled to variable returns because of its involvement in the entity; and
- it has the possibility of using its predominant control over the entity to influence the size of these returns.

Every one of these three criteria must be satisfied before the company is deemed to have predominant control over the entity in which it has an interest.

The financial statements of the subsidiaries are included in the consolidated statements from the date at which predominant control is first obtained until such time when control ceases. Once predominant control is obtained, all subsequent changes in ownership interests that do not involve the loss of that predominant control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are separately recognised in the balance sheet under equity. Non-controlling interests in the result of the Group are also recognised separately.

Transactions eliminated on consolidation

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

Acquisitions of subsidiaries

The Group acquires subsidiaries that own property. At the time of acquisition, the Group assesses whether the acquisition must be designated as a business combination or as the purchase of an asset. The Group recognises the acquisition of a subsidiary as a business combination if the acquisition also involves acquiring an integrated series of activities. More specifically, the Group takes into account the degree to which significant processes are acquired and, in particular, the size of the services provided by the subsidiary. The costs of the acquisition of a business combination are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Expenses incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which, upon its initial recognition, the cost price of an acquired entity 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 initial recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account. For associates, the book value of the goodwill is included in the book value of the investments in the associate in question. If the acquisition of a subsidiary does not qualify as an acquisition of a business combination, the acquisition is recognised as the acquisition of an asset. The expenses incurred in connection with the acquisition are capitalised in that case. Goodwill and deferred tax liabilities at the time of acquisition are not stated.

2.4 Foreign currencies

The items in the annual accounts of the separate entities of the Group are recognised in the currency of the principal economic location in which the entity operates (the ‘functional currency’). The currency of the main cash flows of the entity is taken into account in the determination of 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 liabilities in foreign currency are converted at the exchange rate effective on that date. Non-monetary assets and liabilities that are valued at fair value are converted at the exchange rate on the date on which the fair value was determined. Non-monetary assets and equity and liabilities valued at historical cost are converted at the historical exchange rate.

2.5 Property in operation

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

Acquisitions and disposals of immovable property available for letting are included in the balance sheet as property or designated as divested at the time when the property is transferred by the seller or to the buyer and the buyer or the seller therefore has the property at their disposal. Upon initial recognition, the property is recognised at acquisition price plus costs attributable to the acquisition, including property transfer tax, property agency fees, due diligence costs, legal costs and civil-law notary costs, and is recognised at fair value on subsequent balance sheet dates.

Property in operation is stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see *2.7 Leases*). Fair value is based on market value (less the costs borne by the buyer, including property transfer tax and civil-law notary costs), i.e., the estimated value at which a property could be traded on the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties acting prudently and without duress. The independent, certified appraisers are instructed to appraise the property in accordance with the 'Appraisal and Valuation Standards' as published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards as published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.

Appraisers use the discounted cash flow method and/or the capitalisation method for determining the market value. In the event that both methods are applied, the respective outcomes are compared. The market value according to the discounted cash flow method is determined as the present value of the cash flow forecast for the following ten years and the end value which is calculated by capitalising the market rental value at the beginning of the 11th year at a certain yield (capitalisation factor). The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a yield. The capitalisation factor is based on the yields of recent market transactions for comparable properties at comparable locations. Both methods take into account recent market transactions and differences between market rental value and contractual rental value, incentives provided to tenants, vacancy, operating expenses paid, the state of repair and future developments.

The valuation of Vastned's property is based on the most efficient and effective use.

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

- Properties in operation with an expected individual value exceeding € 2.5 million are appraised externally every six months.
- External appraisals of properties 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 during which these properties are not appraised externally, the fair value of these properties is determined internally.
- The external appraisers must be demonstrably properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently, objectively and ethically.
- In principle, the external appraiser for a property is changed every three years.

Based on this method, approximately 90% of the total value of Vastned's 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 the property in operation are recorded in the profit and loss account for the period in which they occur and recognised under 'Value movements in property in operation'.

Profits and losses resulting from divestments of property are determined as the difference between net income from divestment and the latest published book value of the property and are recognised in the period in which the divestment takes place and recorded under 'Net result on divestments of property'.

2.6 Tangible and intangible fixed assets

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

Office furniture and suchlike	5 years
Computer equipment	5 years
Vehicles	5 years

Intangible assets mainly comprise software, whereby these assets with a limited useful life that are acquired separately are valued at cost less cumulative amortisation and any cumulative impairment losses. Amortisation is recognised straight-lined over the estimated useful life (five years). The estimated useful life and amortisation methods are evaluated at the end of each reporting period, whereby the effect of any estimation change is recognised on a prospective basis. Intangible fixed assets with an indefinite useful life that are acquired separately are valued at cost less cumulative impairment losses.

2.7 Leases

(a) The Group as a lessor

The Group concludes leases for its property as a lessor. Lease contracts in which the Group is a lessor are classified as financial or operational leases. When the conditions of the lease indicate that virtually all risks and benefits of ownership are transferred to the lessee, the contract is classified as a financial lease. All other lease contracts are classified as operational leases. The Group lets its property in the form of operational leases. Rental income from operational leases is recognised straight-lined over the duration of the relevant lease. Initial direct costs incurred in the acquisition of the operational lease are added to the book value of the leased assets and recognised straight-lined over the lease term as a charge. Rent-free periods, lease discounts and other lease incentives are recognised as an integral part of total gross rental income. If a contract contains both lease and non-lease components, the Group applies IFRS 15 to allocate the fee based on the contract to each component.

The impact of the COVID-19 pandemic, including concessions granted to tenants, is accounted for in accordance with IFRS 9, with the exception of cases in which a concession qualifies as a lease modification. In that case, IFRS 16 applies. The Group distinguishes the following categories:

- **Waivers of past due rent**
  The waivers are charged to the gross rental income. The accounting and impact of these concessions granted are explained in *note 4*.

- **Expected non-collectibility of rent receivables for which no arrangements have (as yet) been made**
  For the recognition of expected credit losses, the simplified approach in accordance with IFRS 9 is applied (see also *2.10 Debtors and other receivables*). The expected impact of the ongoing negotiations on receivables is recognised as an impairment and taken directly to the profit and loss account as part of the operating expenses. For further explanation, reference is made to *note 15*.

- **Waivers of future rent and/or waivers in combination with contract modifications**
  These concessions qualify as a lease modification under IFRS 16 and are set off in accordance with IFRS 16 straight-lined over the new minimum duration of the lease and deducted from the gross rental income as explained in *note 4*.

Other concessions granted by Vastned to its tenants (see *note 15*), with the exception of the fact that receivables related to this have been included in the calculation of the provision for expected credit losses, do not affect the accounting.

(b) The Group as a lessee

At the start of a contract, the Group determines whether the contract is or comprises a lease contract. The Group recognises a right of use and a corresponding lease liability regarding all lease contracts in which the Group is a lessee, except for lease contracts with a lease term of 12 months or less and lease contracts for assets of minimal value, such as tablets and personal computers, small office furniture and telephones. For these lease contracts, the Group recognises the lease payments straight-lined as operating expenses for the duration of the lease, unless a different systematic basis is more representative for the time pattern in which the economic benefits of the leased assets are enjoyed. The lease liability is initially valued at the present value of the lease payments that were not paid on the effective date.

Lease payments included in the valuation of the lease liability in principle only comprise fixed lease payments (including essentially fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated balance sheet and is determined by raising the book value by interest and by reducing the book value by the lease payments. The Group adjusts the lease liability and makes a corresponding adjustment to the related right-of-use asset when the following situations occur:

- the lease period is changed;
- the lease payments change due to changes in an index; or
- a lease contract is changed and the lease change in this case is not recognised as a separate lease.

In a limited number of cases, the Group can be qualified as a lessee. This concerns a number of ground rent agreements and a number of lease contracts for offices that the Group leases for its organisation. The right-of-use assets related to these contracts comprise the initial valuation of the corresponding lease liability, less the lease payments made on or prior to the effective date, any incentives received and increased by any initial direct costs. The right-of-use assets related to the ground rent agreements are included under ‘Property in operation’ and are valued at fair value. These right-of-use assets are therefore not depreciated. The right-of-use assets concerning leases for the offices that the Group leases for its organisation are presented as a separate line in the balance sheet and are valued at cost less cumulative amortisation and value decreases.

Right-of-use assets are depreciated over the lease period or, if shorter, the useful life of the underlying assets. For more details, reference is made to *note 24*.

The Group applies IAS 36 to determine whether a rights-of-use asset is subject to impairment and recognises any identified impairment loss correspondingly.

2.8 Financial derivatives

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

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

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

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

2.9 Assets held for sale

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

Assets held for sale are recognised at fair value.

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

2.10 Debtors and other receivables

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less expected credit losses. The expected credit losses on financial assets are determined on the basis of the expected credit loss method (ECL). For Debtors and other receivables, the Group applies the simplified approach of calculation method for the ECLs on the basis of expected credit losses over the economic life. The Group employs a provisions matrix for the calculation of expected credit losses on receivables. The provision rates are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment. Due to the impact of the COVID-19 crisis, the provision has been increased based on the status of the negotiations regarding past-due rent and the sector in which the tenants operate.

2.11 Shareholders' equity

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

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

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

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

2.12 Income tax

Income tax comprises taxes currently payable and recoverable that are attributable to the reporting period and the movements in deferred tax assets and deferred tax 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 taxes are 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 on dividend payments by subsidiaries is recognised as a liability when it is probable that the dividend in question will be distributed.

Deferred tax assets are recognised as income tax to be reclaimed in future periods relating to offsettable temporary differences between the book value and the tax-based book value of assets and liabilities. They also relate to the carryforward of unused tax credits to the extent that it is probable that future taxable profits will be available against which unused tax losses and tax credits can be utilised. 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 settlement.

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 tax-based book value.

For the valuation of deferred tax assets and liabilities, Vastned takes into account the tax rates that are expected to apply in the period in which the receivable and/or liability will be settled, based on tax rates (materially) enacted on the balance sheet date. For deferred tax assets and liabilities, the average tax rate is applied for the following three years in view of the uncertainty of the realisation of the book value of the property.

Deferred tax assets and liabilities are not discounted.

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

Deferred tax assets and liabilities are netted if there is a legally enforceable right to offset the tax assets and liability and when the deferred assets and liabilities concern the same tax regime.

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

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

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

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

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

Defined contribution pension plans

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

Long-term personnel benefits

The liabilities based on long-term employee benefits are stated at the present value of the long-service bonuses to be paid to employees in the future. Movements in the liabilities are reported in the profit and loss account.

2.14 Other provisions

In the event that the Group has a legal or constructive obligation resulting from a past event and it is probable that the settlement of that liability requires an outflow of funds and the amount can be reliably measured, provisions are recognised in the balance sheet to cover such an eventuality. If the effect is material, provisions are recognised at the present value of the expenditure that is expected to be required for the settlement of the liability.

2.15 Interest-bearing debts

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

Derecognition from the balance sheet

An interest-bearing debt is derecognised from the balance sheet when the interest-bearing debt is settled, annulled or cancelled. If an existing interest-bearing debt is replaced by another from the same lender but with substantially different conditions, or the conditions of an existing interest-bearing debt are substantially changed, such a replacement or change is managed by derecognising the debt and recognising a new interest-bearing debt. The difference between the respective book values is reported in the profit and loss account.

In the event that the conditions of the interest-bearing debts are adjusted, but this does not result in the annulment of the interest-bearing debt, the difference between the respective book values is reported in the profit and loss account. This difference is calculated as the difference between the original contractual cash flows and the amended cash flows discounted at the original effective interest rate.

2.16 Other liabilities and accruals

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

2.17 Net service charge expenses

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

2.18 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 uncollectible (rent) receivables and local taxes. These costs are attributed to the period to which they relate. Expenses incurred when concluding operating leases, such as commissions, are recognised in the period in which they are incurred.

2.19 Net financing costs

Net financing costs consist of interest expenses on interest-bearing 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.

2.20 General expenses

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

2.21 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 cash flow from operating activities. Expenditure in respect of dividend is recognised under cash flow from financing activities.

2.22 Segmented information

A segment is a part of Vastned that carries out business operations that result in income and expenses. The operating results of the separate segments are assessed periodically by the Executive Board on the basis of confidential financial information; following this, the Executive Board decides on the allocation of resources to the segments. The segmented information is only presented based on the countries where the properties are located. These reporting segments are consistent with the segments used in the internal reports.

3. Segmented information

(€ thousand)

	Netherlands		France		Belgium		Spain		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Net rental income	24,893	26,154	12,861	12,749	16,228	15,148	2,640	2,967	56,622	57,018
Value movements in property in operation	(17,769)	(41,067)	2,802	(10,234)	(10,312)	(24,251)	(1,252)	(8,838)	(26,531)	(84,390)
Net result on divestments of property	361	(61)	92	50	362	1,508	(582)	–	234	1,497
Total net income from property	**7,485**	**(14,974)**	**15,755**	**2,565**	**6,278**	**(7,595)**	**806**	**(5,871)**	**30,325**	**(25,875)**
Net financing costs									(8,286)	(15,204)
General expenses									(6,707)	(7,418)
Income tax									495	4,205
Result after taxes									**15,827**	**(44,292)**
Property in operation	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Balance as at 1 January	641,841	683,047	405,895	415,134	338,661	370,881	83,151	99,399	1,469,548	1,568,461
Acquisitions	–	–	–	–	–	–	–	–	–	–
Investments	2,394	976	506	995	122	306	5	–	3,027	2,277
Transferred from Assets held for sale	–	1,575	–	–	–	–	–	–	–	1,575
Transferred to Assets held for sale	(1,300)	–	–	–	(2,185)	–	–	(7,410)	(3,485)	(7,410)
Divestments	(3,034)	(2,690)	(78)	–	(3,664)	(8,275)	–	–	(6,776)	(10,965)
	–	682,908	–	416,129	–	362,912	–	91,989	–	1,553,938
Value movements	(17,769)	(41,067)	2,802	(10,234)	(10,312)	(24,251)	(1,252)	(8,838)	(26,531)	(84,390)
Balance as at 31 December	622,132	641,841	409,125	405,895	322,622	338,661	81,904	83,151	1,435,783	1,469,548
Accrued assets in respect of lease incentives	2,847	2,998	989	1,300	810	864	211	435	4,857	5,597
Total property in operation	**624,979**	**644,839**	**410,114**	**407,195**	**323,432**	**339,525**	**82,115**	**83,586**	**1,440,640**	**1,475,145**
Lease liabilities	(2,403)	(2,569)	–	–	(620)	(723)	–	–	(3,023)	(3,292)
Other	–	–	–	–	383	–	–	–	383	–
Appraisal value as at 31 December	**622,576**	**642,270**	**410,114**	**407,195**	**323,195**	**338,802**	**82,115**	**83,586**	**1,438,000**	**1,471,853**
Other assets 1)	5,142	6,218	4,311	5,176	3,010	2,275	66	7,837	12,529	21,506
Not allocated to segments 2)									1,273	5,854
Total assets 3)	**627,718**	**648,488**	**414,425**	**412,371**	**326,204**	**341,077**	**82,181**	**91,423**	**1,451,802**	**1,499,213**
Liabilities	17,759	17,600	7,839	7,967	4,199	3,530	9,741	10,462	39,538	39,559
Not allocated to segments 4)									622,905	644,653
Total liabilities									**662.443**	**684,212**

1) The Assets held for sale are included in the Other assets.

2) The Other assets not allocated to segments are primarily cash, cash equivalents and other receivables.

3) The difference between 'Total assets' in the table above and the total assets on the balance sheet as at 31/12/2021 concerns € 3,023 in lease liabilities and an other adjustment of € 383 for the reconciliation with the appraisal value (31/12/2020: ditto, € 3,292).

4) The liabilities not allocated to segments virtually all concern the financing of the property portfolios in the different countries where Vastned operates. The financing of the property portfolios is managed at the holding level. For this reason, segmenting this financing by country is not relevant.

4. Net rental income

(€ thousand)

	Gross rental income		Other income		Net service Charge expenses		Operating expenses		Net rental income	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Netherlands	28,745	30,280	-	–	(111)	(78)	(3,741)	(4,048)	24,893	26,154
France	13,481	14,214	320	314	11	(179)	(952)	(1,600)	12,861	12,749
Belgium	17,232	17,085	170	194	(42)	(110)	(1,132)	(2,021)	16,228	15,148
Spain	2,757	3,337	-	–	-	–	(117)	(370)	2,640	2,967
	62,215	**64,916**	**490**	**508**	**490**	**(367)**	**(5,942)**	**(8,039)**	**56,622**	**57,018**

Net service charge expenses	2021	2020
Attributable to leased properties	134	8
Attributable to vacant properties	8	359
	142	**367**

Operating expenses		
Attributable to leased properties	5,648	7,781
Attributable to vacant properties	294	258
	5,942	**8,039**

Operating expenses		
Maintenance	1,246	1,465
Administrative and commercial management [1]	2,611	2,766
Insurance	419	334
Local taxes	1,428	1,275
Letting costs	295	299
Allocation to the provision for expected credit losses (on balance)	(420)	1,489
Other operating expenses	363	411
	5,942	**8,039**

1) 4% of gross rental income before waivers of past due rent in arrears in connection with the COVID-19 pandemic, consisting of external costs and general expenses, which are attributed to operating expenses.

The 2021 gross rental income includes waivers of past due rent in arrears of € 3.1 million (2020: € 4.2 million). The table below shows the impact of COVID-19 on the 2021 gross rental income:

					2021
(€ thousand)	Netherlands	France	Belgium	Spain	Total
Gross rental income before concessions	30,840	14,061	17,905	3,050	65,856
COVID-19 rent waivers [1]	(1,812)	(579)	(673)	–	(3,064)
Other rent concessions [2]	(283)	–	–	(293)	(576)
Gross rental income after concessions	**28,745**	**13,482**	**17,232**	**2,757**	**62,216**

					2020
	Netherlands	France	Belgium	Spain	Total
Gross rental income before concessions	31,815	15,155	18,857	3,473	69,300
COVID-19 rent waivers [1]	(1,505)	(941)	(1,771)	(30)	(4,247)
Other rent concessions [2]	(30)	–	(1)	(106)	(137)
Gross rental income after concessions	**30,280**	**14,214**	**17,085**	**3,337**	**64,916**

1) These concern subsequent waivers of past due rent in arrears, not being lease modifications, that are charged to the gross rental income.

2) These concern concessions that, either in conjunction with other contract adjustments or otherwise, have been classified as a lease modification and are therefore recognised straight-lined over the contract duration.

The 2021 operating expenses include a release of provision for expected credit losses of € 420 thousand (2020: € 1.5 million addition). The larger part of this amount is related to the COVID-19 pandemic. The overview below presents the allocations per country in 2021:

					2021
(€ thousand)	Netherlands	France	Belgium	Spain	Total
Allocation to the provision for expected credit losses (on balance)	54	(116)	(264)	(95)	(420)

					2020
	Netherlands	France	Belgium	Spain	Total
Allocation to the provision for expected credit losses (on balance)	406	533	455	95	1,489

5. Value movements in property

	2021			2020		
(€ thousand)	Positive	Negative	Total	Positive	Negative	Total
Property in operation	21,788	(48,319)	(26,531)	20,068	(104,458)	(84,390)

6. Net result on divestments of property

(€ thousand)	2021	2020
Sale price	18,208	12,434
Book value at time of divestment	(17,502)	(10,965)
	706	**1,469**
Sales costs	(647)	(22)
	59	**1,447**
Other	175	50
	234	**1,497**

For further explanation, see *13 Property in operation* and *14 Assets held for sale.*

7. Net financing costs

(€ thousand)

	2021	2020
Interest income		
Other interest income	(36)	(14)
Interest paid		
Long-term interest-bearing loans	11,659	12,793
Short-term credits and cash loans	112	167
Lease liabilities	64	27
Other interest expenses	71	140
	11,906	**13,127**
Total interest	**11,870**	**13,113**
Value movements in financial derivatives	(3,584)	2,091
	8,286	**15,204**

8. General expenses

	2021	2020
Personnel costs	5,333	6,612
Remuneration of Supervisory Board	99	145
Consultancy and audit costs	976	1,158
Appraisal costs	543	467
Accommodation and office costs	719	772
Other expenses	1,203	649
	8,873	**9,803**
Attributed to operating expenses	(2,166)	(2,385)
	6,707	**7,418**

Personnel costs

During 2021, Vastned employed an average of 34 employees (FTEs) (2020: 38), of which 20 in the Netherlands and 14 abroad (2020: 23 in the Netherlands and 15 abroad).

During the reporting year, € 3.7 million was recognised in salaries (2020: € 4.7 million), € 0.5 million in social insurance contributions (2020: € 0.5 million), and € 0.4 million in pension contributions (2020: € 0.6 million).

The other personnel costs were € 0.6 million (2020: € 0.8 million).

Audit costs

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

(€ thousand)	2021	2020
Audit fees	382	378
Audit-related fees	–	–
Other non-audit-related fees	2	4
	384	**382**

The fees stated above for auditing the financial statements are based on the costs reported in the profit and loss account. Of the audit costs, an amount of € 0.3 million (2020: € 0.2 million) concerned Ernst & Young Accountants LLP in the Netherlands. In addition to the statutory audit of the financial statements, Ernst & Young Accountants LLP performed the following non-prohibited services in 2021:

	2021
Reporting on compliance with bank covenants	2
	2

Other expenses

Other expenses include publicity costs and IT costs. In 2020, a non-recurring income of € 0.8 million resulting from a decision of the Belgian tax authorities to refund overpaid listing costs of Vastned Belgium was included (stock exchange tax).

9. Income tax

Current income tax expense	2021	2020
Current financial year	633	657
Movement in deferred tax assets and liabilities		
In respect of:		
Value movements in property	(997)	(4,707)
Movement in other temporary differences	(262)	(94)
Movement in offsettable losses	131	(61)
	(1,128)	**(4,862)**
Total	**(495)**	**(4,205)**

The geographic distribution of the income tax is as follows:

	2021			2020		
	Current income tax expense	Movement in deferred tax assets and liabilities	Total	Current income tax expense	Movement in deferred tax assets and liabilities	Total
Netherlands	583	(631)	(48)	597	(2,574)	(1,977)
France	(94)	–	(94)	(61)	–	(61)
Belgium	5	(9)	(4)	11	(227)	(216)
Spain	139	(488)	(349)	110	(2,061)	(1,951)
	633	**(1,128)**	**(495)**	**657**	**(4,862)**	**(4,205)**

Reconciliation effective tax rate		2021		2020
Result before taxes		**15,332**		**(48,497)**
Income tax at Dutch tax rate	0.0%	–	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	(3.2%)	(489)	9.8%	(4,774)
Changes in tax rates	(0.0%)	(6)	(1.2%)	569
Adjustment previous financial years	0.0%	–	0.0%	–
	(3.2%)	**(495)**	**8.6%**	**(4,205)**

The companies in the Group are taxed in accordance with the tax rules in the country of establishment. In some countries, there are special tax regimes for property investments.

Dutch FII regime

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

Belgian GVV regime

In Belgium, virtually the entire property portfolio is held by the regulated property company ('GVV') named Vastned Belgium N.V. A GVV essentially has 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 for regulated property company status are largely comparable to those of the Dutch FII regime.

One property is held by a company that is subject to the regular tax regime, which means that the income less interest, depreciation, management fees and other expenses is taxed at the nominal tax rate of 25.00%.

French SIIC regime (Sociétés d'Investissement Immobilier Cotées)

In France, the entire property portfolio is held by various French companies that are subject to the French SIIC regime. Under this tax regime no tax is owed on the net rental income and capital gains realised. The requirements of the SIIC regime are largely comparable to those for the Dutch FII regime.

The French management company is subject to the regular tax regime, which means that the taxable result, consisting of income less depreciation, interest and other expenses, is taxed at a nominal tax rate of 28.00%.

Spain

The property in Spain is held by regularly taxed companies. Depreciation, interest, management fees and other expenses are deducted from the taxable net rental income realised in these companies and the nominal tax rate of 25.00% is then applied.

10. Result per share

	2021		2020	
	Basic	Diluted	Basic	Diluted
Result after taxes	**14,405**	**14,405**	**(41,340)**	**(41,340)**

Average number of ordinary shares in issue	2021		2020	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	17,151,976	17,151,976	17,151,976	17,151,976
Movements	–	–	–	–
Average number of ordinary shares in issue	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**

Per share (€)	2021		2020	
	Basic	Diluted	Basic	Diluted
Result after taxes	**0.84**	**0.84**	**(2.41)**	**(2.41)**

11. Dividend

On 6 May 2021, the final dividend for the 2020 financial year was made payable. The dividend was € 1.73 per share in cash. The dividend distribution totalled € 29.7 million.

On 18 August 2021, the interim dividend for the 2021 financial year was made payable. The interim dividend was € 0.53 per share in cash (total payout: € 9.1 million).

Based on the dividend policy and with due consideration for the conditions associated with the fiscal investment institution status within the meaning of Section 28 of the 1969 Netherlands Corporate Income Tax Act, the Executive Board proposes that a final dividend of € 1.20 per share be distributed in cash for the 2021 financial year.

If the Annual General Meeting of 14 April 2022 approves the dividend proposal, the dividend will be made payable to shareholders on 6 May 2022. The dividend to be distributed has not been accounted for as a liability on the balance sheet.

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 indicates the level to which the assets and liabilities of the Group valued at fair value are valued:

Assets valued at fair value	Level	2021 Book value	2021 Fair value	2020 Book value	2020 Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,440,640	1,440,640	1,475,145	1,475,145
Assets held for sale	3	–	–	7,410	7,410
Liabilities valued at fair value					
Long-term liabilities					
Long-term interest-bearing loans	2	612,952	619,228	624,793	633,170
Lease liabilities	2	3,393	4,993	3,384	6,741
Financial derivatives	2	1,212	1,212	4,769	4,769

All assets and liabilities valued at fair value were valued as of 31 December.

No assets or liabilities were reclassified with respect to levels in 2021 and 2020.

The fair value of the ‘Long-term interest-bearing loans’ and the ‘Lease liabilities’ is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect as at 31 December 2021.

The fair value of the ‘Debtors and other receivables’, ‘Cash and cash equivalents’, ‘Guarantee deposits and other long-term liabilities’, ‘Payable to banks’, ‘Redemption of long-term interest-bearing loans’, ‘Short-term lease liabilities’ and ‘Other liabilities and accruals’ is considered to be equal to the carrying amount, given the short-term nature of these assets and liabilities and the fact that they are subject to a floating interest rate. For this reason, these items are not included in the table.

For an explanation of the valuation principles for the property in operation and the financial derivatives, reference is made to *2.5 Property in operation* and *2.8 Financial derivatives*.

The value of the ‘Assets held for sale’ is determined on the basis of expected sales prices, which are based on draft contracts of sale or letters of intent.

13. Property in operation

All the property in operation is appraised at least once per year by independent certified appraisers. These appraisals are based on assumptions that include the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a degree of uncertainty. The actual outcomes may therefore differ from the assumptions. This may have a positive or negative effect on the value of the property in operation, and consequently on the result. Due to the strategic selection of the best retail property on the most popular high streets, the COVID-19 crisis has had a limited impact on the valuation of Vastned’s property.

The COVID-19 outbreak has resulted in significantly lower levels of transactional activity and liquidity in the retail property market. As at 31 December 2020, the lack of market information for comparative purposes was such that part of the appraisals as at 31 December 2020 were subject to ‘material valuation uncertainties’ as described in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards (C&W in Spain and both appraisers in Belgium). These ‘material valuation uncertainties’ were withdrawn as of 31 December 2021.

Vastned's appraisers, CBRE and C&W, have the largest database in Europe in the area of retail property. They are best placed in the present appraisal market to minimise estimation uncertainty and assign a correct value to Vastned's property, taking into account the pandemic and its impact on the parameters that are relevant for the market value determination as at 31 December 2021.

The property in operation valued at fair value falls under 'level 3' in terms of valuation method.

Valuation of property

Key principles and assumptions used in determining the appraisal values of the property in operation are as follows:

	Netherlands	France	Belgium	Spain	Total
2021					
Appraisal value as at 31 December	622,575	410,115	323,195	82,115	1,438,000
Lease incentives still to be granted as at the balance sheet date	645	470	1,227	83	2,425
Market rent per sqm (€)	310	817	222	1,066	339
Theoretical annual rent per sqm (€)	322	761	243	1,098	350
Vacancy rate at end of reporting year	2.8%	2.8%	0.7%	0.0%	2.1%
Weighted average lease term in years (until first break)	2.8	1.3	1.8	3.3	2.6
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.1**	**3.4**	**5.2**	**3.6**	**16.2**
2020					
Appraisal value as at 31 December	642,270	407,195	338,802	83,586	1,471,853
Lease incentives still to be granted as at the balance sheet date balance sheet	364	817	533	–	1,714
Market rent per sqm (€)	313	821	217	1,020	339
Theoretical annual rent per sqm (€)	322	775	233	1,063	345
Vacancy rate at end of reporting year	4.8%	1.5%	3.8%	–	3.5%
Weighted average lease term in years (until first break)	2.5	1.9	2.0	1.8	2.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.1**	**3.6**	**4.9**	**3.7**	**4.1**

The market rental value is the estimated amount for which a particular space can be let at a certain point in time by well-informed and independent parties that are prepared to enter into a transaction, with both parties acting prudently and without duress.

The theoretical annual rental value is the gross annual rent exclusive of the effects of straight-lining of lease incentives, increased by the annual market rental value of any vacant spaces.

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

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

As of 1 January 2021, the Dutch general transfer tax rate increased from 6% to 8%. Furthermore, for residential units that were previously subject to a reduced rate of 2%, the rate has been raised to 8% if these units are acquired by non-natural persons and if the units are acquired by natural persons who do not use them (or only temporarily) as their main residence.

As at 31 December 2021, 94.6% of the property in operation was appraised by independently certified appraisers (31 December 2020: 94.3%).

The independently certified appraisers who appraised the property in 2020 and 2021 were CBRE and Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris, and Crédit Foncier Expertise in Paris.

Sensitivity analysis and stress test

Significant changes in the parameters relevant for the valuation of Vastned's property investments result in a significantly lower or higher market value, with an inherent impact on solvency and the LTV. Below, a number of sensitivity analyses are listed along with the impact on the valuation based on significant changes to the parameters net yield and market rent. These parameters are deemed to be the most relevant in view of the current economic situation.

A 25-basis-point increase in the net yields used in the appraisal values would result in decrease in the value of the property in operation by € 84.4 million or 5.9% (31 December 2020: € 84.9 million or 5.8%) and a 268-basis-point increase in the loan-to-value ratio (31 December 2020: 261 basis points) and a decrease of the solvency ratio of 277 basis points. At 50 basis points, this would be € 159.2 million or 11.1%, and 535 and 552 basis points, respectively.

A 5% decrease of the appraisal values used in the market rents would result in a decrease in the value of the property portfolio by € 71.9 million or 5%, a rise of the loan-to-value ratio of 226 basis points and a decrease of the solvency ratio of 234 basis points. At 10%, this would be € 143.8 million or 10.0% and 477 and 493 basis points, respectively.

At year-end 2021, the solvency ratio was 55.1% (31 December 2020: 55.2%) and the LTV 43.0% (31 December 2020: 43.0%). The solvency ratio agreed with the lenders is 45%. A 91.5-basis-point increase in the net yields used in the appraisal values would result in a decrease in the value of the property in operation by € 266.5 million or 18.5%. In this event, the loan-to-value would rise by 976 basis points from 43.0 to 52.8, and the solvency ratio would fall by 1,008 basis points, from 55.1% to 45.0. A rise of the net yields used in the appraisal values by more than 91.5 basis points would therefore result in an 'event of default' with respect to the solvency covenant.

Property in operation

	2021	2020
Balance as at 1 January	**1,469,548**	**1,568,461**
Acquisitions	–	–
Investments	3,026	2,277
Transferred from Assets held for sale	–	1,575
Transferred to Assets held for sale	(3,485)	(7,410)
Divestments	(6,776)	(10,965)
	1,462,313	**1,553,938**
Value movements	(26,531)	(84,390)
Balance as at 31 December	**1,435,783**	**1,469,548**
Accrued assets in respect of lease incentives	4,857	5,597
Total property in operation	**1,440,640**	**1,475,145**
Lease liabilities	(3,024)	(3,292)
Other	383	–
Appraisal value as at 31 December	**1,438,000**	**1,471,853**

No acquisitions were made in either 2020 or 2021.

The capital expenditure in 2021 involved improvements to a number of properties in the relevant countries.

The divestments in 2021 concerned five properties in the Netherlands (€ 2.9 million, 2020: € 2.7 million), two properties in Belgium (€ 3,7 million, 2020: 8.3 million) and one property in France (€ 0.1 million, 2020: nil). No divestments were made in Spain in 2021 (2020: nil).

A positive sales result of € 0.8 million was realised on these divestments compared with the most recent book value (2020: € 1.4 million positive). See also *6 Net result on divestments of property* for the total sales result including the return realised on the assets held for sale.

In the Netherlands, the value movements in 2021 were € 17.8 million negative (2020: € 41.1 million negative). In France, the value movements came to € 2.8 million positive (2020: € 10.2 million negative). In Belgium, the value of the property portfolio fell by € 10.3 million (2020: € 24.3 million negative). The value of the property portfolio in Spain fell by € 1.3 million (2020: € 8.8 million negative).

Accrued assets in respect of lease incentives	2021	2020
Balance as at 1 January	5,597	4,721
Lease incentives granted	3,346	4,246
Charged to the profit and loss account	(4,096)	(3,383)
Transferred from Assets held for sale	10	13
Transferred to Assets held for sale	–	–
Balance as at 31 December	**4,857**	**5,597**

The property does not serve as security for any loans obtained.

For further details on the property in operation, reference is made to *3 Segmented information* and the *Property portfolio* overview included in this annual report.

14. Assets held for sale

	2021	2020
Balance as at 1 January	7,410	1,575
Transferred from Property in operation	3,485	7,410
Transferred to Property in operation	–	(1,575)
Transferred from Accrued assets in respect of lease incentives	–	–
Divestments	(10,895)	–
	–	**7,410**
Value movements	–	–
Balance as at 31 December	**–**	**7,410**

In 2021, four properties classified as 'assets held for sale' were sold. On these transactions, a result was realised of € 0.6 million negative. These divestments were realised at book value; the book result consists solely of divestment costs, of which the large majority were local taxes (Spanish divestment). As at 31 December 2021, no assets were being held for sale (31 December 2020: one asset).

15. Debtors and other receivables

	31 December 2021	31 December 2020
Debtors and pre-invoiced amounts	10,831	12,403
Provision for expected credit losses	(1,899)	(2,530)
	8,932	**9,873**
Indirect taxes	434	642
Prepayments	616	641
Other receivables	1,104	6,146
	11,087	**17,302**

The total accounts receivable, after deduction of the provision for expected credit losses, can be broken down as follows by the nature of the receivable:

			31 December 2021
	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	1,345	(947)	398
Overdue accounts receivable related to COVID-19	1,855	(822)	1,033
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	462	(130)	332
Accounts receivable regarding pre-invoiced rent	7,152	–	7,152
Other receivables	17	–	17
	10,831	**(1,899)**	**8,932**

			31 December 2020
	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	1,612	(1,164)	448
Overdue accounts receivable related to COVID-19	2,639	(1,270)	1,369
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	872	(96)	776
Accounts receivable regarding pre-invoiced rent	6,745	–	6,745
Other receivables	534	–	534
	12,403	**(2,530)**	**9,873**

The contracts state that rents due must be paid by tenants before or on the first day of the rent period. In the context of the COVID-19 pandemic, it has been agreed with a number of tenants that, due to the unusual circumstances, rent may be paid in a series of instalments (monthly instead of quarterly) or at a later date. Tenants may also avail themselves of a combination of these two options. No interest is charged on the outstanding rent receivables. The Group determines the provision for expected credit losses by applying the simplified approach in accordance with IRFS 9. Expected credit losses on rent receivables are estimated by means of a provisions matrix based on the debtors' past payment behaviour, and based on an analysis by country, in conjunction with an analysis of the debtors' current financial position corrected for factors that are specific to the debtors, the status of the negotiations regarding rent payments that are past due, the economic circumstances of the industry in which the debtors are active, and an assessment of both current and expected circumstances on the balance sheet date. The release of provision for expected credit losses in 2021 was € 0.4 million (2020: € 1.5 million addition).

For further explanation on the debtors and pre-invoiced amounts and the provision for expected credit losses, reference is made to *22 Financial instruments*.

The other receivables include items with a term in excess of one year of a total amount of € 0.1 million (2020: € 0.1 million). The decrease of the other receivables is partly caused by the receipt of a VAT receivable during 2021 of approximately € 3.5 million.

16. Cash and cash equivalents

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

17. Shareholders' equity

The authorised share capital is € 375.0 million, divided into 75,000,000 ordinary shares of € 5.00 par value.

Vastned Retail shareholders' equity was € 41.57 per share as at 31 December 2021 (31 December 2020: € 42.98 per share).

The shareholders are entitled to receive the dividend declared by the company and are entitled to cast one vote per share at the Annual General Meeting. In the event of a share buyback by Vastned in which the shares are not cancelled, these rights are suspended until such time when the shares are reissued.

Number of shares in issue	Shares in issue	Treasury shares	Total
Balance as at 1 January 2020	17,151,976	1,884,670	19,036,646
Movements	–	–	–
Balance as at 31 December 2020	**17,151,976**	**1,884,670**	**19,036,646**
Movements	–	–	–
Balance as at 31 December 2021	**17,151,976**	**1,884,670**	**19,036,646**

18. Deferred tax assets and liabilities

	1 January 2021				**31 December 2021**
	Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassi-fication	Liabilities
Valuation differences in property	10,705	(988)	–	(486)	9,230
Offsetable losses	(774)	126	–	–	(648)
Other temporary differences	757	(265)	–	–	492
	10,688	**(1,128)**	**–**	**(486)**	**9,074**

	1 January 2020				31 December 2020
	Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassi-fication	Liabilities
Valuation differences in property	15,412	(4,707)	–	–	10,705
Offsetable losses	(713)	(61)	–	–	(774)
Other temporary differences	851	(94)	–	–	757
	15,550	**(4,862)**	**–**	**–**	**10,688**

The deferred tax assets and liabilities as at 31 December 2021 concern the Netherlands, Spain and Belgium.

The offsetable losses relate to the Netherlands and Spain. The offsetable losses in Spain may be carried forward indefinitely. € 70,000 of the offsetable losses in the Netherlands may be offset against taxable profits up to the end of 2024; the remainder can be carried forward indefinitely.

The deferred tax assets and tax liabilities are related to the difference between the balance sheet value and the tax-based book value of the property.

As at the balance sheet date, there was another € 8.9 million (2020: € 8.3 million) in unused tax losses in France (€ 7.3 million, 2020: € 6.9 million) and Belgium (€ 1.6 million, 2020: € 1.4 million). Given the expectation that, based on the present structure, these unused tax losses cannot be offset against taxable profits in the near future, no deferred tax asset has been recognised.

The tax losses can be carried forward in time indefinitely.

19. Provisions in respect of employee benefits

Until 31 December 2019, Vastned had a pension plan in place for its employees in the Netherlands, which qualified as a defined benefit pension plan. This pension plan was fully reinsured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. and concerned a conditionally indexed career average scheme. An unconditional indexation of a maximum of 2% per year applied, and still applies, to a small group of employees. The provision for the defined benefit liabilities concerns the unconditional indexation up to and including 31 December 2019.

As of 1 January 2020, Vastned has a pension plan for its employees that qualifies as a defined contribution pension plan. This unconditionally indexed career average plan remains in place but can no longer be accessed. The pension plans for the employees in other countries where Vastned has branches may also be qualified as defined contribution pension plans.

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

	31 December 2021	31 December 2020
Discount rate	1.40%	1.10%
Expected rate of salary increases (age-dependent)	n/a	2.00%
Future pension increases	0.00% - 1.80%	0.00% - 1.80%
Inflation (annual)	1.80%	1.80%

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

	Present value of defined benefit pension obligations		Fair value of plan assets		Net obligation in respect of employee benefits	
	2021	2020	**2021**	2020	**2021**	2020
Balance as at 1 January	30,699	28,911	24,347	22,902	6,352	6,009
Reported in the profit and loss account						
Service cost	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–
Interest	335	430	266	341	69	89
Administrative costs	–	–	(19)	(25)	19	25
Total reported in the profit and loss account	**335**	**430**	**247**	**316**	**88**	**114**
Reported in other comprehensive income						
Effect of adjustment to demographic assumptions	–	(615)	–	–	–	(615)
Effect of adjustment to discount rate	(1,824)	2,460	–	–	(1,826)	2,460
Effect of experience adjustment	281	–	–	–	281	–
Effect of changes in financial assumptions	–	–	(1,308)	1,225	1,308	(1,225)
Total reported in other comprehensive income	**(1,543)**	**1,845**	**(1,308)**	**1,225**	**(237)**	**620**
Contributions and benefits paid						
Contribution paid by employer	–	–	210	391	(210)	(391)
Contribution paid by employees	–	–	–	–	–	–
Benefits paid	(556)	(487)	(556)	(487)	–	–
Total contributions and benefits	**(556)**	**(487)**	**(346)**	**(96)**	**(210)**	**(391)**
Balance as at 31 December	**28,934**	**30,699**	**22,939**	**24,347**	**5,993**	**6,352**
Long-term personnel benefits					59	55
Total					**6,052**	**6,407**

As previously stated, the pension plan has been fully reinsured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. For this reason, the fund investments consist entirely of insurance contracts.

The amounts recognised in the profit and loss account with respect to the defined benefit plans and the defined contribution plans are as follows:

	2021	2020
Service cost	–	–
Past service cost	–	–
Net interest	69	89
Administrative costs	19	25
	88	**114**
Defined contribution pension plans	407	583
	495	**697**

In 2022, Vastned expects to contribute a total of € 0.3 million to the defined benefit pension plans, and a total of € 0.4 million to the defined contribution pension plans.

Sensitivity analysis

The table below contains the sensitivity analysis for the effect of a 25-basis-point change in the discount rate:

	Minus 25 basis points	Discount rate used	Plus 25 basis points
	1.15%	1.40%	1.65%
Present value of defined benefit pension obligations	30,443	28,934	27,527

20. Interest-bearing debts

As at 31 December, the interest-bearing debts consisted of:

	2021				2020			
	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
Long-term interest-bearing debts								
Unsecured loans:								
• fixed interest [1]	444,754	–	444,754	1.99	394,754	49,923	444,677	2.02
• floating interest	168,198	–	168,198	1.39	180,116	–	180,116	1.36
	612,952	**–**	**612,952**	**1.83**	**574,870**	**49,923**	**624,793**	**1.83**
Lease liabilities	827	2,566	3,393	2.33	623	2,761	3,384	2.43
Total long-term interest-bearing debts	**613,779**	**2,566**	**616,345**		**575,493**	**52,684**	**628,177**	
Short-term interest-bearing debts								
Payable to banks	–	–	3,320	1.25	–	–	8,547	1.25
Redemption of long-term interest-bearing loans	–	–	–	–	–	–	–	–
Short-term lease liabilities	–	–	263	1.37	–	–	272	1.40
Total short-term interest-bearing debts	**–**	**–**	**3,583**		**–**	**–**	**8,819**	
Total interest-bearing debts	**613,779**	**2,566**	**619,928**		**575,493**	**52,684**	**636,996**	

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

In 2021, Vastned redeemed an amount of € 12.3 million from its existing credit facilities. The total interest-bearing debts decreased mainly as a result of divestments.

During 2021, no new credit facilities were concluded.

For the floating interest rate loans, Vastned pays interest consisting of the Euribor-based market interest rate plus an agreed margin, on the understanding that the Euribor market interest rate may not be negative.

A positive/negative mortgage covenant was issued in 2021 for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency rate and interest coverage, as well as changes regarding the control of the company and/or its subsidiaries. Vastned fulfilled these conditions as at 31 December 2021. Please see *22 Financial instruments* for more details on the conditions set by the lenders.

As at 31 December 2021, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 693.7 million (31 December 2020: € 693.2 million).

The unused credit facility of the long-term interest-bearing loans was € 80.7 million as at 31 December 2021 (31 December 2020: € 68.4 million).

The average term of the long-term interest-bearing loans in 2021 was 2.9 years (31 December 2020: 3.9 years). The average interest rate of the long-term interest-bearing loans was 1.88% (2020: 2.01%).

For more details of the lease liabilities, reference is made to *24 Lease agreements*.

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 lenders that, subject to an agreed threshold, property will only be mortgaged on behalf of third parties subject to the lender's approval.

The amounts payable to banks are payable at the lender's request within one year.
Vastned pays interest consisting of the market interest rate plus an agreed margin, on the understanding that the Euribor market interest rate may not be negative.
The average interest rate in 2021 was 1.54% (2020: 1.08%).
Where the company operates a cash-pooling arrangement, the cash and amounts payable to banks are set off against each other.

The total credit facility of the 'payable to banks' item as at 31 December 2021 was € 44.6 million (31 December 2020: € 44.6 million).
The unused credit facility of the 'payable to banks' item was € 41.3 million as at 31 December 2021 (31 December 2020: € 36.1 million).

Movements in the interest-bearing debts were as follows:

		Cash entries		**Non-cash entries**		
	1 January 2021	Interest-bearing loans drawn down	Interest-bearing loans redeemed	Application of effective interest method	Other movements [1]	**31 December 2021**
Long-term interest-bearing loans	624,793	–	(12,332)	491	–	612,952
Long-term lease liabilities	3,384	–	(292)	17	284	3,393
Payable to banks	8,547	–	(5,227)	–	–	3,320
Redemption of long-term interest-bearing loans	–	–	–	–	–	–
Short-term lease liabilities	272	–	–	–	(9)	263
	636,996	**–**	**(17,851)**	**508**	**275**	**619,928**

		Cash entries		Non-cash entries		
	1 January 2020	Interest–bearing loans drawn down	Interest–bearing loans redeemed	Application of effective interest method	Other movements [1]	31 December 2020
Long-term interest-bearing loans	580,427	43,939	–	427	–	624,793
Long-term lease liabilities	3,698	–	(81)		(233)	3,384
Payable to banks	8,283	264	–	–	–	8,547
Redemption of long-term interest-bearing loans	62,470	–	(62,470)	–	–	–
Short-term lease liabilities	320	–	(320)	–	272	272
	655,198	**44,202**	**(62,871)**	**427**	**39**	**636,996**

1) The other movements mainly concern the reclassification of the portion of the long-term interest-bearing debts due within one year.

21. Other liabilities and accruals

(€ thousand)	2021	2020
Accounts payable	809	938
Investment creditors	34	281
Dividend	25	25
Indirect taxes	2,840	3,368
Prepaid rent	11,136	8,829
Service charges	287	306
Interest	2,037	2,297
Operating expenses	877	720
Other liabilities and accruals	3,386	4,247
	21,431	**21,011**

22. Financial instruments

A Financial risk management

For the realisation of its targets and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions to mitigate credit risk, financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the Financing and Interest Rate Policy Memorandum, which is updated annually, and in the Treasury Charter. Quarterly reports on these risks are submitted to the Audit and Compliance Committee and the Supervisory Board.

A summary is given below of the main conditions aimed at mitigating these risks.

Credit risk

Vastned's principal financial assets consist of cash and cash equivalents, debtors and other receivables, and receivables related to financial derivatives entered into.

The credit risk on cash and cash equivalents is minimal, given that 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 Vastned's 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.

On each reporting date, the provision for expected credit losses is determined based on a provisions matrix. The provision rates are applied per country and per age category, and are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment. Account is also taken of the bank guarantees provided by tenants and the guarantee deposits paid by tenants. Receivables are generally written off when an insolvency practitioner or a lawyer charged with collecting the receivable confirms in writing that the receivable is irrecoverable.

The table below presents the amounts for which the Group runs a credit risk on debtors, as well as the provision for expected credit losses as at 31 December:

	2021			2020		
(€ thousand)	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
Not yet due	8,222	–	8,222	7,727	79	7,648
Overdue by less than 30 days	300	69	231	856	257	599
Overdue by between 31 and 90 days	118	4	114	721	258	463
Overdue by between 91 days and one year	428	440	(13)	1,816	848	968
Overdue by more than one year	1,764	1,386	378	1,283	1,088	195
	10,831	**1,899**	**8,932**	**12,403**	**2,530**	**9,873**

Movements in the provision for doubtful debtors were as follows:

(€ thousand)	2021	2020
Balance as at 1 January	2,530	1,062
Allocation to the provision	(420)	1,489
Write-off for doubtful debtors	(210)	(21)
Balance as at 31 December	**1,899**	**2,530**

Receivables are recognised after the deduction of a provision for expected credit losses.

Since the tenant base consists of a large number of parties, there is no credit risk concentration.

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/or repayment obligations on the loans and/or other payment obligations can no longer be met. In this event, it will be more difficult to secure loan capital or to realise refinancing, or these options will only be available at less favourable conditions. To limit this risk, Vastned pursues a conservative financing structure that allows for the implementation of its strategy. The long-term internal target for the loan-to-value ratio has been lowered from between 35% and 45% to a maximum of 40%. At year-end 2021, this ratio was 43.0% (year-end 2020: 43.0%). In addition, the company's financing sources are broadened; one method, for instance, involves placing long-term bond loans with institutional investors (for example, private placements). Using private placements, the duration of the long-term loan portfolio has been extended and better spreading of the company's financing among different lenders has been achieved. In line with these targets, solvency ratios and interest coverage ratios have been agreed in virtually all credit agreements with lenders. In the event that the limits of the solvency rates and interest coverage rates agreed with lenders are not met, this constitutes an 'event of default', in which case lenders are entitled to terminate credit agreements.

In addition, Vastned Retail aims to secure access to capital market through transparent information provision, regular contacts with financiers and (potential) shareholders, and by increasing the liquidity of the Vastned share. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average duration of at least three years.

At year-end 2021, the weighted average duration of the long-term interest-bearing loans was 2.9 years (31 December 2020: 3.9 years).

At year-end 2021, the solvency ratio, calculated by taking equity plus the provision for deferred tax liabilities divided by the balance sheet total, was 55.1% (31 December 2020: 55.2%), which is within the solvency ratios of at least 45% as agreed with lenders.

The interest coverage ratio for 2021 was 4.8 (2020: 4.3) (calculated by taking net rental income and dividing it by net financing costs (excluding value movements in financial derivatives), which was significantly above the 2.0 ratio agreed with lenders. The 2.0 minimum interest coverage ratio agreed with lenders is reached when the net rental income falls by 58%.

Liquidity risk

Vastned must generate sufficient cash flows 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 caused by tenants going out of business. On the other hand, Vastned aims for sufficient credit room 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 2021, Vastned had € 44.6 million (31 December 2020: € 44.6 million) in short-term credit facilities available, of which it had drawn down € 3.3 million (31 December 2020: € 8.5 million). The unused credit facility of Vastned's long-term interest-bearing mortgages was € 80.7 million as at 31 December 2021 (31 December 2020: € 68.4 million). As such, the total unused credit facility as at 31 December 2021 was € 122.0 million (31 December 2020: € 104.5 million).

Vastned periodically draws up liquidity forecasts for the upcoming periods. Prompted by the impact of the pandemic, in recent months Vastned has detailed several scenarios and performed stress tests for the existing covenants which take account of the potential direct as well as indirect consequences of the crisis in 2022 and beyond. The findings of this work show that no additional financing is needed in 2022 and 2023, and the expectation is that the company will be able to continue to comply with its solvency and interest coverage covenants. Further information on the findings of the stress tests is also set out in *note 13*.

The table below shows the financial equity and liabilities, including the estimated interest benefit paid [1]:

					31 December 2021
	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans	612,952	643,434	9,839	633,596	–
Long-term lease liabilities	3,393	8,438	–	827	7,611
Financial derivatives (long-term liabilities)	1,185	4,030	1,316	2,714	–
Payable to banks [2]	3,320	3,324	3,324	–	–
Redemption of long-term interest-bearing loans [2]	–	–	–	–	–
Short-term lease liabilities	263	263	263	–	–
Other liabilities and accruals	21,431	21,431	–	–	–
	642,544	**680,919**	**14,741**	**637,136**	**7,611**

					31 December 2020
	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans	624,793	665,433	9,732	605,637	50,064
Long-term lease liabilities	3,384	7,557	–	644	6,913
Financial derivatives (long-term liabilities)	4,769	5,109	1,265	3,844	–
Payable to banks [2]	8,547	8,556	8,556	–	–
Redemption of long-term interest-bearing loans [2]	–	–	–	–	–
Short-term lease liabilities	272	292	292	–	–
Other liabilities and accruals	21,011	20,556	–	–	–
	662,776	**707,503**	**19,845**	**610,125**	**56,977**

1) The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the Euribor market rates in effect on 1 January 2022 and 1 January 2021 respectively.

2) Including interest up to the next due date or interest review date.

Interest rate risk

The interest rate risk policy aims to mitigate the interest rate risks arising from the financing of the property portfolio while optimising net interest expenses paid. This policy translates into a loan portfolio composition in which, in principle, at least two-thirds of the loans have fixed interest rates. There may be temporary deviations from this principle, depending on developments regarding interest rates. Furthermore, 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, and on the other, by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The Group does not apply any hedge accounting and recognises the value movements in all interest rate derivatives entered into by the Group in the profit and loss account.

At year-end 2021, the interest rate risk on loans with a nominal value of € 220.0 million (31 December 2020: € 220.0 million) was hedged by means of interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.1235% negative to 1.094% positive (31 December 2020: 0.1235% negative to 1.094% positive) (excluding margins) and expiry dates ranging from 31 July 2023 to 12 September 2025 (31 December 2020: 31 July 2023 to 12 September 2025).

No new derivatives were concluded in 2021. The market value of the interest rate swaps was € 1.2 million negative at year-end 2021 (31 December 2020: € 4.8 million negative). This negative market value, which on the expiry date will be 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 loan expiry dates.

Taking the above-mentioned interest rate swaps into account, of the total long-term interest-bearing loans of € 613.0 million (31 December 2020: € 624.8 million), € 444.9 million (31 December 2020: € 444.9 million) had a fixed interest rate (see *23B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans*).

The interest rate swaps are settled on a quarterly basis. The floating interest rate is based on the 3-month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

As at 31 December 2021, the average term of Vastned's long-term interest-bearing loans calculated in fixed interest periods was 3.3 years (31 December 2020: 4.3).

In the context of the IBOR transition, Vastned had contact with its lenders during the financial year. The transition will have no impact on Vastned's financial statements in the next twelve months. Vastned is aware of the fact that this transition will have an impact on its entire loan and derivatives portfolio in the future when they are renegotiated. Vastned is closely monitoring these developments and will continue to maintain contact with its lenders in the coming financial year in order to be able to respond adequately to the transition in the future.

Interest rate sensitivity

Significant changes to interest rates result in lower or higher interest expenses. Due to the derivatives concluded, any rises impact Vastned only partially; in the calculations below, the financial derivatives have been taken into account in each case. Below, a number of sensitivity analyses are set out along with the (net) impact on the interest expenses based on significant changes to interest rates.

As at 31 December 2021, the impact on the interest expense of a 100-basis-point increase in interest rates – all other factors remaining equal – would be € 0.1 million positive (31 December 2020: € 0.1 million negative). Should interest rates increase by 200 basis points as at this date – all other factors remaining equal – the impact on the interest expense would be € 1.6 million negative (31 December 2020: € 1.9 million negative). As several loans contain a clause stipulating that the interest rate may not be negative, a 100-basis-point decrease in interest rates would have a positive impact on the interest expense.

Currency risk

All Vastned's investments are located in eurozone countries. Consequently, the company is not exposed to currency risk.

COVID-19

In response to the additional risks due to the outbreak of the pandemic in 2020 and its impact, Vastned's management has taken additional measures to limit these risks. Amongst other steps taken, the frequency of debtor analyses was increased from monthly to weekly. Further, Vastned has intensified the dialogue with its tenants to make sure payments would be made in time whereby specific cases were discussed during various (ExCo) meetings.

B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans

	2021			2020		
	Contract review	Interest review	Average interest rate [1]	Contract review	Interest review	Average interest rate [1]
2022	–	–	–	–	–	–
2023	24,873	15,000	1.85	14,808	15,000	1.85
2024	488,274	180,094	1.95	510,235	180,131	1.95
2025	49,864	199,864	1.84	49,827	199,827	1.90
2026	49,941	49,941	2.78	49,923	49,923	2.78
Total long-term interest-bearing loans with a fixed interest rate	**612,952**	**444,899**	**1.99**	**624,793**	**444,881**	**2.02**
Long-term interest-bearing loans with a floating interest rate	–	168,053	1.39	–	179,912	1.36
Total long-term interest-bearing loans	**612,952**	**612,952**	**1.83**	**624,793**	**624,793**	**1.83**

1) Including interest rate swaps and credit spreads in effect at year-end 2021 and 2020.

C Overview of fair value of interest rate derivatives

	2021		2020	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	27	1,212	–	4,769

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

	2021		2020	
	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	–	–	–	–
Interest rate swaps 1-2 years	–	–	–	–
Interest rate swaps 2-5 years	(1,185)	220,000	(4,769)	220,000
Interest rate swaps > 5 years	–	–	–	–
	(1,185)	**220,000**	**(4,769)**	**220,000**

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 is also based on directly and indirectly 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.

23. Rights and obligations not recorded in the balance sheet

In the past, Vastned has acquired companies that owned property. These acquisitions were recognised as a takeover of assets. The provisions for deferred tax liabilities not recorded in the balance sheet total € 14.1 million as at 31 December 2021 (31 December 2020: € 14.8 million).

In 2017, Vastned transferred all shares in the company Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., the owner of a property located in Istanbul, Turkey, to a group of local private investors. The guarantees customary in such transactions were provided to the buyer. The customary guarantees expired in April 2018 without the buyer having invoked them. The tax indemnifications will expire upon the expiry of the statutory periods for additional assessments for the particular year. The longest-running term still outstanding concerns the 2017 calendar year, which will expire on 31 December 2022. Vastned does not expect any outcome to be significant.

24. Leases

The Group as lessor

Vastned lets its property in the form of operational leases.

Based on the current contract rent, the future minimum income from non-cancellable operating leases is as follows:

	31 December 2021
Within one year	62,267
One to two years	41,507
Two to three years	25,208
Three to four years	12,877
Four to five years	7,316
More than five years	8,523
Total	**157,698**

	31 December 2020
Within one year	64,708
One to two years	50,931
Two to three years	28,111
Three to four years	12,471
Four to five years	6,937
More than five years	9,978
Total	**173,136**

The above-described non-discounted lease payments received on an annual basis as at 31 December 2021 have been reduced by the rent waivers of future rents (as at the balance sheet date). Depending on the development of a number of factors related to the COVID-19 pandemic and the resulting high degree of estimation uncertainty, deviations between the rents actually received and the amounts set out above will be taken into account. In the Netherlands, leases are usually concluded for a period of five years, with the tenant having one or more options to extend the lease for a further five years. Annual rent increases are based on the cost-of-living index.

In France, lease contracts are normally concluded for a period of at least nine years, within which the tenant has the option of renewing or terminating the lease every three years. Depending on the contract, rents are adjusted annually based on the cost-of-construction index (CCI) or based on a mix of the construction cost index, the cost-of-living index and retail prices (ILC).

In Belgium, leases are normally concluded for a period of nine years, with early termination options after three and six years. Annual rent adjustments are based on the cost-of-living index.

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

The Group as a lessee

In a limited number of cases, the Group is a lessee. This concerns a number of ground rent agreements and a number of lease contracts for offices that the Group leases for its organisation.

The durations of the leases for offices that the Group leases for its organisation range from five to nine years, and generally contain an extension option for a period of five years. Annual rent adjustments are based on the cost-of-living index. There are no residual value guarantees, nor are there any leases that have not yet become effective but that the Group has bound itself to.

The additions to the rights-of-use assets in 2021 were € 490 thousand (2020: € 6 thousand) and were mainly related to the newly rented head office in Hoofddorp.

Depreciation on the rights-of-use assets was € 210 thousand (2020: € 244 thousand), which was recognised in the general expenses.

The costs related to leases for assets of minimal value were less than € 1 thousand.

Leases with a term of 12 months or less totalled less than € 5 thousand (2020: none). There were no leases with variable lease payments that are not dependent on an index or a share price.

In 2021, there was no income from subleases, nor were any profits made or losses incurred from sale-and-leaseback constructions.

Based on the current contract rent, the future minimum lease payments from non-cancellable operating leases are as follows:

	2021				2020			
	Ground rents	Rent	Cars	Total	Ground rents	Rent	Cars	Total
Within one year	109	145	8	263	126	166	–	292
One to five years	348	457	22	827	450	194	–	644
More than five years [1]	6,521	–	–	6,521	6,913	–	–	6,913
	6,979	**602**	**30**	**7,611**	**7,511**	**639**	**–**	**8,150**

1) The ground rent agreements include an agreement for a parcel of land in Amsterdam whose term, taking the contractual renewal options into account, is infinite. The annual ground rent is € 63 thousand, and it has been bought out until 16 August 2032. In payment obligations of more than five years, a 100-year period has been assumed.

25. Events after balance sheet date

No events have taken place after the balance sheet date that affect the consolidated financial statements.

26. Related party transactions

The following are designated as related parties: controlling shareholders, subsidiaries, Supervisory Board members and members of the Executive Board.

To the best of the company's knowledge, no property transactions were carried out during the year under review involving persons or institutions that could be regarded as related parties.

Interests of major investors

As at year-end 2021, the Netherlands Authority for the Financial Markets (AFM) had received the following reports from shareholders with an interest in the company's share capital exceeding three per cent:

Van Herk Investments B.V.	24.98
Lebaras Belgium BVBA	5.10
BlackRock, Inc.	4.98
Tikehau Capital Advisors SAS	3.05
Société Fédérale de Participations et d'Investissement (SFPI)	3.02

Subsidiaries

For an overview of subsidiaries and participations, please refer to *27 Subsidiaries* and the chapter *Corporate Governance* in the Report of the Executive Board.

Transactions, as well as internal balances and income and expenditure between the company and its subsidiaries, are eliminated in the consolidation and not disclosed in the notes.

Supervisory Board members and Executive Board members

After Mr Taco de Groot stepped down as Vastned CEO, as of 1 December 2020 Mr Reinier Walta acted as interim CEO. Mr Walta was appointed CEO effective 15 April 2021.

During the 2021 financial year, none of the members of the Supervisory Board and Executive Board had a personal interest in the investments of the company.

Remuneration and shareholding of the Supervisory Board

	Remuneration 2021	Share ownership year-end 2021	Remuneration 2020	Share ownership year-end 2020
M.C. van Gelder	54	8,000	48	7,100
M. Bax (until 24 June 2020)	–	–	20	n/a
C.M. Insinger (until 15 April 2021)	13	–	39	–
J.G. Blokhuis	48	1,000	38	1,000
	115	9,000	145	8,100

Remuneration and shareholding of the Executive Board

						2021
	Fixed remuneration	LTI & STI 2019-2021 payable in 2022	Pension insurance contributions	Social insurance contributions	Total	Share ownership year-end 2021
R. Walta	384	237	71	13	705	5,075

						2020
	Fixed remuneration	LTI 2018-2020 payable in 2021	Pension insurance contributions	Social insurance contributions	Total	Share ownership year-end 2020
T.T.J. de Groot	1,027	73	104	17	1,221	n/a
R. Walta	294	56	61	13	424	2,000
	1,321	129	165	30	1,645	2,000

A bonus of € 237 thousand will be paid to Mr Walta in 2022 based on his realisation of the targets for the Short-Term Incentive 2021 and Long-Term Incentive for the period 2019-2021.

Mr Walta has acquired Vastned shares at his own expense. Vastned has not provided any guarantees related to these shares.

No option rights have been granted to the statutory director or to the supervisory directors, nor have any loans or advances been provided or guaranteed on their behalf.

The members of the Supervisory Board and the Executive Board have been designated as managers in key positions. For more details relating to remuneration, reference is made to the *Remuneration report 2021* chapter in this annual report.

27. Subsidiaries

The subsidiaries are:

	Country of establishment	Interest and voting right in %	
		2021	2020
Vastned Retail Nederland B.V.	Netherlands	100	100
Vastned Retail Nederland Projecten Holding B.V.	Netherlands	100	100
- Rocking Plaza B.V.	Netherlands	100	100
- MH Real Estate B.V.	Netherlands	100	100
- Vastned Retail Nederland Projectontwikkeling B.V.	Netherlands	100	100
Vastned Retail Monumenten B.V.	Netherlands	100	100
Vastned Management B.V.	Netherlands	100	100
Vastned Projecten B.V. (liquidated as per February 2021)	Netherlands	100	100
Vastned France Holding S.à r.L.	France	100	100
- Jeancy S.à r.L.	France	100	100
- Lenepveu S.à r.L.	France	100	100
- S.C.I. 21 rue des Archives	France	100	100
- Palocaux S.à r.L.	France	100	100
- Parivolis S.à r.L.	France	100	100
- Plaisimmo S.à r.L.	France	100	100
Vastned Management France S.à r.L.	France	100	100
Vastned Retail Belgium NV	Belgium	65	65
- EuroInvest Retail Properties N.V.	Belgium	65	65
Korte Gasthuisstraat 17 N.V.	Belgium	100	100
Compagnie Financière du Benelux (Belgique) N.V. (liquidated as per June 2021)	Belgium	100	100
Vastned Retail Spain S.L.	Spain	100	100
- Vastned Retail Spain 2 S.L.	Spain	100	100

Scope of consolidation

During 2021, one change in the scope of consolidation occurred: the company 'Compagnie Financiere du Benelux (Belgique) N.V.' was liquidated in June 2021. The decision was taken by the company's management, given this holding company was no longer required due to changed laws and regulations. This change had no material impact on the consolidated financial statements, and any remaining assets have been transferred to other Group companies.

The non-controlling interest recognised in the balance sheet as at 31 December 2021 was the share of the non-controlling shareholders of the Belgium-based subsidiary, Vastned Belgium N.V., and its subsidiary, EuroInvest Retail Properties N.V.
The summarised financial data of the subsidiary as at 31 December 2021 are as follows:

	2021		2020	
	100%	Non-controlling interests	100%	Non-controlling interests
Balance sheet				
Property	314,543	108,547	330,427	114,028
Other assets	3,222	1,112	3,661	1,264
	317,765	**109,659**	**334,088**	**115,292**
Equity	(228,714)	(78,928)	235,005	81,099
Long-term liabilities	(84,372)	(29,116)	94,607	32,648
Short-term liabilities	(4,679)	(1,615)	4,476	1,545
	(317,765)	**(109,659)**	**334,088**	**115,292**
Profit and loss account				
Net rental income	16,487	5,689	15,509	5,352
Value movements in property	(10,102)	(3,486)	(22,974)	(7,928)
Net result on divestments of property	362	125	1,508	520
Net financing costs	(768)	(265)	(1,356)	(468)
General expenses	(1,867)	(644)	(1,460)	(504)
Income tax	8	3	220	76
Comprehensive income	**4,120**	**1,422**	**(8,553)**	**(2,952)**
Cash flow statement				
Cash flow from operating activities	14,160	4,887	11,702	4,038
Cash flow from investing activities	6,067	2,094	9,349	3,226
Cash flow from financing activities	(20,441)	(7,054)	(21,177)	(7,308)
Total cash flow	**(214)**	**(73)**	**(126)**	**(44)**

A sum of € 3.6 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium N.V. in 2021 (2020: € 5.1 million).

28. Approval of the consolidated financial statements

The consolidated financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 9 February 2022.

Company balance sheet as at 31 December

(before profit appropriation) (€ thousand)

Assets	Note	2021	2020
Property in operation	3	4,680	5,080
Participations in group companies	4	1,155,251	1,144,437
Financial derivatives	8	27	–
Total fixed assets		**1,159,958**	**1,149,517**
Receivables from group companies	5	162,694	175,507
Debtors and other receivables		240	407
Cash and cash equivalents		42	56
Total current assets		**162,976**	**175,970**
Total assets		**1,322,934**	**1,325,487**

Equity and liabilities	Note	2021	2020
Paid-up and called-up capital	6	95,183	95,183
Share premium reserve	6	468,555	468,555
Revaluation reserve	6	399,283	407,503
Statutory reserve intangible fixed assets	6	325	435
Other reserves	6	(264,679)	(193,141)
Result attributable to Vastned Retail shareholders	6	14,405	(41,340)
Equity Vastned Retail shareholders		**713,072**	**737,195**
Long-term interest-bearing loans	7	530,827	533,395
Financial derivatives	8	9	2,738
Guarantee deposits		59	58
Total long-term liabilities		**530,895**	**536,191**
Payable to banks	7	4,485	8,471
Redemption long-term loans	7	–	–
Payable to group companies	9	71,848	41,003
Other liabilities and accruals		2,634	2,627
Total short-term liabilities		**78,967**	**52,101**
Total equity and liabilities		**1,322,934**	**1,325,487**

Company profit and loss account

(€ thousand)

Net turnover result	Note	2021	2020
Net rental income	10	217	237
General management expenses	10	(2,069)	(2,357)
Net turnover result		**(1,852)**	**(2,120)**
Other income from participations in group companies	10	1,481	1,481
Value movements in property in operation	10	(400)	(90)
Total other operating income		**1,081**	**1,391**
Other interest income and similar income	10	4,085	4,125
Interest charges and similar expenses	10	(7,378)	(13,709)
Total interest income and expenditure		**(3,293)**	**(9,584)**
Result before taxes		**(4,064)**	**(10,313)**
Current income tax expense		(5)	(8)
Share in result from participations in group companies	4	18,474	(31,019)
Result after taxes		**14,405**	**(41,340)**

Notes to the company financial statements

1. General information

The company financial statements are part of the 2021 financial statements, which also include the consolidated financial statements.

The company has availed itself of the provisions in Section 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 Commercial Register of the Chamber of Commerce.

2. Principles for the valuation of assets and liabilities and the determination of the result

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. In the preparation of the company financial statements, the provisions in Section 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 thereto.

Participations in Group companies

The participating interests in Group companies have been stated at net asset value.

Receivables from Group companies

The recognition and determination of impairments takes place in a future-oriented manner based on the expected credit loss model (ECL). The ECL applies to the receivables from Group companies. Due to the fact that participations in Group companies are considered a combination of assets and liabilities, this means, in general, that expected credit losses on receivables from Group companies are eliminated. The elimination is recognised in the carrying amount of the receivables from Group companies.

Other income from participations in Group companies

The other income from participations in Group companies concerns agreed fees for property management in France. The fee is related to the appraisal value of the property.

The fee is not necessarily equal to the costs of the services. The company is responsible for providing services, so on this basis the company has control of these services. As a result, the company can be regarded as a principal.

3. Property in operation

	2021	2020
Balance as at 1 January	5,080	5,170
Value movements	(400)	(90)
Balance as at 31 December (appraisal value)	**4,680**	**5,080**

4. Participations in Group companies

	2021	2020
Balance as at 1 January	1,144,437	1,211,099
Share in result	18,474	(31,019)
Direct changes in equity	237	(620)
Payments received	(7,897)	(35,023)
Balance as at 31 December	**1,155,251**	**1,144,437**

As at 31 December 2021, Vastned held 3,325,960 Vastned Belgium shares (31 December 2020: 3,325,960 shares). The net asset value per share as at 31 December 2021 was € 45.04 (31 December 2020: € 46.27 per share). The price of Vastned Belgium shares was € 28.20 per share as at 31 December 2021 (31 December 2020: € 24.00 per share).

For more details on the participations in Group companies, reference is made to *27 subsidiaries* in the consolidated financial statements.

5. Receivables from Group companies

	2021	2020
Balance as at 1 January	175,507	156,666
Provided to group companies	1,435	19,857
Repaid by group companies	(14,248)	(1,016)
Balance as at 31 December	**162,694**	**175,507**

The receivables from Group companies consist of € 115.3 million (31 December 2020: € 115.3 million) in loans provided with interest rates ranging from 2.984% to 3.730% (31 December 2020: 2.984% to 3.730%) and expiring between 2022 and 2026 inclusive (31 December 2020: 2021 to 2026 inclusive), and € 47.4 million (31 December 2020: € 60.2 million) in current account relationships at a floating interest rate and without fixed repayment date. Due to the largely short-term character of these receivables and the conditions that apply, these are presented as short-term receivables.

6. Shareholders' equity

	Capital paid up and called	Share premium reserve	Revaluation reserve	Statutory reserve intangible fixed assets	Other reserves	Results attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 1 January 2020	**95,183**	**468,555**	**465,141**	**401**	**(257,981)**	**22,435**	**793,734**
Result	–	–	–	–	–	(41,340)	(41,340)
Remeasurement of defined benefit pension obligation	–	–	–	–	(620)	–	(620)
Final dividend previous financial year in cash	–	–	–	–	–	(14,579)	(14,579)
Interim dividend 2020 in cash	–	–	–	–	–	–	–
Contribution from profit appropriation	–	–	–	–	7,856	(7,856)	–
Allocation to revaluation reserve	–	–	(57,638)	–	57,638	–	–
Addition to statutory reserve intangible fixed assets	–	–	–	34	(34)	–	–
Balance as at 31 December 2020	**95,183**	**468,555**	**407,503**	**435**	**(193,141)**	**(41,340)**	**737,195**
Result	–	–	–	–	–	14,405	14,405
Remeasurement of defined benefit pension obligation	–	–	–	–	237	–	237
Final dividend for previous financial year in cash	–	–	–	–	–	(29,674)	(29,674)
Interim dividend 2021 in cash	–	–	–	–	(9,091)	–	(9,091)
Contribution from profit appropriation	–	–	–	–	(71,014)	71,014	–
Allocation to revaluation reserve	–	–	(8,220)	–	8,220	–	–
Release of statutory reserve intangible fixed assets	–	–	–	(110)	110	–	–
Balance as at 31 December 2021	**95,183**	**468,555**	**399,283**	**325**	**(264,679)**	**14,405**	**713,072**

The authorised share capital is € 375.0 million, divided into 75,000,000 ordinary shares of € 5.00 par value. For more details on equity, reference is made to *17 Shareholders' equity* in the consolidated financial statements.

The statutory reserves comprise:

- **Statutory reserve intangible fixed assets**

This reserve is related to the capitalised expenditure less cumulative depreciation.

- **Revaluation reserve**

The revaluation reserve concerns the property and comprises the cumulative positive unrealised value movements of the property. The revaluation reserve is determined at the level of the individual property.

The statutory reserves are not available for dividend distributions.

7. Interest-bearing debts

	2021				2020			
	Remaining years				Remaining years			
	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 [1]	364,899	–	364,899	2.03%	314,958	49,923	364,881	2.06%
• floating interest	165,928	–	165,928	1.39%	168,514	–	168,514	1.39%
	530,827	**–**	**530,827**	**1.83%**	**483,472**	**49,923**	**533,395**	**1.85%**

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

A positive/negative mortgage covenant was issued for the loans. In addition, a number of lenders set conditions regarding the solvency rate and interest coverage, as well as changes in the control of the company and/or its subsidiaries. Vastned fulfilled these conditions as at 31 December 2021.

The portion of the long-term interest-bearing loans due within one year is nil (31 December 2020: nil).

As at 31 December 2021, the average term of long-term interest-bearing loans was 2.9 years (31 December 2020: 3.5 years).

The company has a facility to allow offsetting, which the company and its Dutch subsidiaries avail themselves of. This means that the current account balances at the level of the company determine the interest charges and that the earned interest arising from this of € 0.1 million (2020: less than € 0.1 million) accrues to the company.

The difference between the total amount of interest-bearing debts as presented in the company financial statements and the amount as presented in the consolidated financial statements is explained by the loans taken out by the subsidiary, Vastned Belgium N.V. For the movements in interest-bearing debts in 2021 as well as the interest rates, reference is made to *20 Interest-bearing debts* in the consolidated financial statements.

8. Financial derivatives

	2021		2020	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**27**	**9**	**–**	**2,738**

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

	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	–	–	–	–
Interest rate swaps 1-2 years	–	–	–	–
Interest rate swaps 2-5 years	18	150,000	(2,738)	150,000
Interest rate swaps > 5 years	–	–	–	–
	18	**150,000**	**(2,738)**	**150,000**

9. Payable to group companies

The amounts payable to Group companies are current account relationships at a floating interest rate and without fixed repayment date.

10. Notes to the profit and loss account

The net rental income consists of the amounts charged to tenants in accordance with the operating leases less the costs directly related to operating the property.

Of the general management expenses, € 1.5 million concerns asset and property management fees charged to Group companies (2020: € 1.5 million) and other general expenses of € 0.6 million (2020: € 0.9 million), which mainly consist of consultancy and audit costs, publicity costs and costs related to the stock exchange listing.

Other operating income includes other income from participations in Group companies of € 1.5 million (2020: € 1.5 million), which consists of fees charged to Group companies. This also includes value movements in property of € 0.4 million negative (2020: € 0.1 million negative).

The other interest income and similar income of € 4.1 million (2020: € 4.1 million) mostly relates to financing provided to Group companies.

The other interest expenses and similar expenses of € 7.4 million (2020: € 13.7 million) consist of the interest paid on long-term interest-bearing loans and amounts payable to banks, which in 2021 totalled € 10.1 million (2020: € 11.3 million), and the value movements in financial derivatives of € 2.7 million positive (2020: € 2.4 million negative).

11. Rights and obligations not recorded in the balance sheet

The company has issued a certificate of guarantee for a Group company in accordance with Section 403 of Book 2 of the Dutch Civil Code. The company heads a tax entity for the purposes of Dutch corporate income tax and a tax entity for the purposes of turnover tax and is consequently jointly and severally liable for the tax liability of the tax entities as a whole.

12. Events after balance sheet date

No events have taken place after the balance sheet date that affect the company financial statements.

13. Profit appropriation

The Executive Board proposes to distribute the result as follows:

Result attributable to Vastned Retail shareholders	14,405
To be added/charged to the reserves	18,653
Available for dividend distribution	**33,058**
Distributed earlier as interim dividend	(9,091)
Available for final dividend distribution	**23,967**

Based on this dividend policy and with due consideration for the conditions associated with the fiscal investment institution status within the meaning of Section 28 of the 1969 Netherlands Corporate Income Tax Act, the Executive Board proposes that a final dividend of € 1.20 per share be distributed in cash for the 2021 financial year. This final dividend distribution will total € 20.6 million.

14. Approval of the company financial statements

The company financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 9 February 2022.

Other information

Profit distribution

In accordance with the company's Articles of Association, the profit is placed at the disposal of the Annual 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-up capital plus the reserves required to be maintained by law.

In order to retain its tax status as a fiscal investment institution, the company must distribute the taxable profit, after making permitted reservations, within eight months after the end of the year under review.

Independent auditor's report

To: the shareholders and supervisory board of Vastned Retail N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Vastned Retail N.V. based in Amsterdam.

Vastned Retail N.V.
In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the following statements for 2021: the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated cash flow statement;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company profit and loss account for 2021;
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Vastned Retail N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Vastned Retail N.V. is a listed European retail property company.. The group structure consist of several group components and we have aligned our audit on this. We have paid special attention in our audit on a number of focus area's based on the group's activities and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain 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.

Materiality

Materiality	€ 7.2 million (2020: € 7.5 million)
Benchmark applied	0.5% for the total assets
Explanation	We consider total assets the best benchmark for materiality taking into account the nature and size of business operations. Based upon professional judgement we set threshold levels for financial statement accounts with impact on direct result at € 1.2 million (5% of the direct result, 2020: € 1.1 million. In 2020 our overall materiality level of 1.5 million was disclosed instead of the threshold applied, 1.1 million). We assume that a lower possible misstatement could influence economic decisions of the users of the financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 83.000 for accounts with direct result impact and in excess of € 360.000 for other accounts, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities; in addition to Vastned Netherlands, these concern the countries of France and Belgium (‘Full scope’). We have performed audit procedures ourselves at entities in the Netherlands (‘Full scope’) and Spain (‘Specific scope’). We have used the work of other EY auditors in auditing the entities in France and Belgium.
By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of valuation of real estate, tax, IT, Forensics and actuaries.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks are taken into account in estimates and significant assumptions applied by Vastned Retail N.V. especially for the compliance with the green finance framework. Furthermore, we read the Management Board report and considered whether there is any material inconsistency between the non-financial information in the ‘property, plant, profit and people’ chapter and the financial statements.

Our audit procedures to address the assessed climate-related risks did not result in a key audit matter.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to the section 'risk management' of the executive board report for management's fraud risk assessment and section ''risk management' of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered, the appropriateness of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. The evaluation of the risk factors did not result in an fraud risk regarding revenue recognition, since the overall vacancy of the property is limited and the revenue is based on multiple year contracts with a stable revenue stream. The evaluation of risk factors has been done with the support of forensic experts including the executives of two of the significant group entities. The outcome, including the general risk on management override on controls, has been shared with management and the supervisory board.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We identified the following fraud risk and performed the following specific procedures:

Risk of incorrect recognition of disposals of investment properties	
Fraud risk and our audit approach	In 2021 Vastned Retail N.V. sold multiple properties. Accurate and complete recognition of these transactions is a key audit matter in our audit. We pay specific attention to fraud risks in selling properties, such as ABC transactions and kickback fees. The description of the risk management and controls in place to mitigate this risk is included in paragraph risk and control frameworkof the directors report. The description is in line with our observations following the audit. We further refer to the key audit matter "Recognition of sale of property" that describes this fraud risk and our audit approach in more detail.

We considered available information and made inquiries of directors and the supervisory board.

The fraud risk we identified, enquired and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 2.2 to the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We specifically focused on the impact of the Covid-19 pandemic and the impact of the lockdown and the (mandatory) closure of non-essential stores on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all 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.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. As part of our assessment we took in consideration the bank covenants and expiration dates of the long term interest bearings loans as disclosed in the finance structure section in the executive board report and note 22 of the financial statements.

Based on our procedures performed, we did not identify significant doubts on the entity's ability to continue a going concern for the next 12 months.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matters "Financing and bank covenants" and "" which were included in our last year's auditor's report, are not considered key audit matters for this year as the likelihood of not being compliant with bank covenants and fiscal laws and regulations has decreased and is considered to be low. This view has been confirmed by the Supervisory Board.

The impact of the Covid-19 pandemic, note 2.2

Risk

The developments around the Corona (Covid-19) pandemic continue to have a profound impact on people, society and on the economy. This also impacts operational and financial performance of organisations. The impact may continue to evolve, causing complexity and inherent uncertainty.

Vastned Retail NV is confronted with this uncertainty, that is disclosed in the notes to the financial statements in note 2.2 *Principles applied in the presentation of the financial reporting*, note 4 *Net rental income* and note 15 *Debtors and other receivables*.

As a result of the developments around the Covid-19 pandemic, Vastned Retail NV is confronted with limited available information for evaluating the reasonableness of significant assumptions used in preparing the financial statements. This increases the estimation uncertainty associated with the valuation of the provision for expected credit losses (note 15).

Also the accounting of waivers of overdue rent (note 4) is an key audit matter of our audit as a result of the Covid-19 pandemic.

Our audit approach

- We discussed and evaluated the impact of the Covid-19 pandemic on the financial statements of Vastned Retail NV and focused on the accounts listed above.
- We evaluated and challenged management's assessment of the impact of the Covid-19 pandemic on the assumptions used in determining the provision for expected credit losses and mainained our professional skepticism.
- We performed specific audit procedures related to the accounting treatment of the waivers of overdue rent provided.
- We analyzed events subsequent to 31 December 2021 to determine whether any events require adjusting amounts recognized in the financial statements.
- We evaluated whether the disclosures are in accordance with the requirements of IFRS-EU.

Key observations

We concur with the management's assessment of the impact of the Covid-19 pandemic and the disclosures in note 2.2 *Principles applied in the presentation of the financial reporting*, note 4 *Net rental income* and note 15 *Debtors and other receivables* relating to significant assumptions and estimates in the financial statements as a consequence of the Covid-19 pandemic. We also verified that these disclosures are in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Valuation of property, note 13

Risk

The Investment property of Vastned Retail N.V. amounts to 99% of the consolidated balance sheet total as per 31 December 2021. The investment property is valued at fair value whereby in accordance with the Vastned Retail N.V. valuation policy the value of all objects is periodically determined by external appraisers.

Parameters, assumptions and estimates by management are used in determining the fair value of investment property. Due to the inherent high degree of subjectivity of estimates in the fair value determination, we regard the valuation of investment property as a key audit matter in our audit.

Our audit approach

- We have tested the design of internal controls relating to the valuation of property, including internal assessment of reports from appraisers.
- We have assessed the competence and independence of external appraisers.
- We have determined the correctness of source data as used in calculating the valuation.
- We have employed our real estate valuation specialists in the review and testing of assumptions as used in the valuation. We audited a sample of the properties by developing our own estimate range.
- We paid specific attention to significant valuation results, as determined by external appraiser.
- We evaluated whether the disclosures are in accordance with the requirements of IFRS-EU relevant to the valuation of property and whether significant judgments by management are disclosed and particularly whether disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.

Key observations

We concur with the assumptions used by the external appraisers and management, the valuation of property and the disclosures as included in the financial statementsis in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Recognition of sale of property, note 13

Risk	In 2021 Vastned Retail N.V. sold multiple properties. Accurate and complete recognition of these transactions is an key audit matter in our audit. We pay specific attention to fraud risks in selling properties, such as ABC transactions and kickback fees, we also refer to 'our audit response and related fraud risk'.	**Our audit approach**	• We have tested the design effectiveness of internal controls relating to sales of property investments, including proper authorization of transactions and background checks of buyers. • We performed procedures on the sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation and determined accurate and complete recognition of transaction results in the financial year. • In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation value as determined by the external appraiser. If applicable we have assessed reasonableness of considerations paid to intermediaries. • We evaluated whether the disclosures are in accordance with the requirements of IFRS-EU relevant to the recognition of the sale of property.

Key observations

We concur with the assumptions used by management regarding the recognition of sale of property and we determined the accurateness and completeness of the disclosures as included in the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Our audit did not reveallead to specific indications for fraud cases regarding sold properties during 2021.or suspected fraud potentially materially impacting the view of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon. The other information also includes:
- Introduction
- Report of the Executive Board
- Report of the Supervisory Board
- Remuneration report 2021
- Direct and indirect result
- Financial statements
- EPRA Performance Indicators
- Appendices

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and for the remuneration report as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720 . The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the shareholders as the auditor of Vastned Retail N.V. as of the audit for the year 2016 and we have operated as the statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format

Vastned Retail N.V. has prepared the annual report in the European single electronic reporting format (ESEF). The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Vastned Retail N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

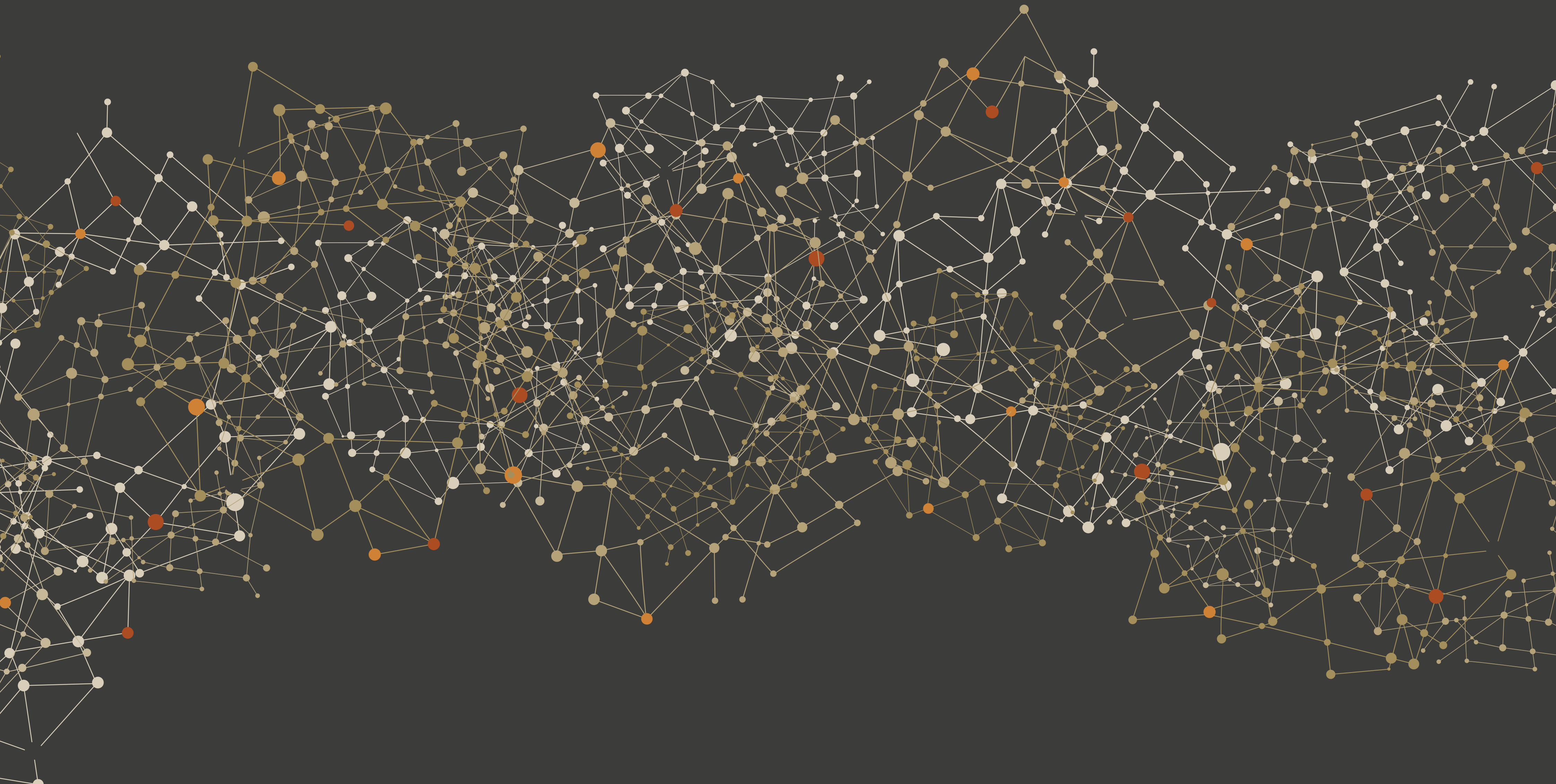
From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 9 February 2022

Ernst & Young Accountants LLP

J.H.A. de Jong

EPRA performance indicators



Financial reporting

The EPRA Best Practices Recommendations ('BPR') published by EPRA's Reporting and Accounting Committee contain recommendations for the determination of key performance indicators of the property portfolio. Vastned acknowledges the importance of standardising the reporting on performance indicators for the sake of comparability and improving the quality of the information provision to investors and other users of the annual report. For this reason, Vastned has opted for including the key performance indicators in a separate chapter of the annual report.

The financial statements 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/annual_report

1. EPRA Earnings

	2021	2020
Result as stated in consolidated IFRS profit and loss account	0	(44,292)
Value movements in property	15,827	84,390
Net result on divestments of investment properties	(234)	(1,497)
Financial expenses	–	–
Value movements in financial derivatives	(3,584)	2,091
Movement in deferred tax assets and liabilities	(988)	(4,707)
Attributable to non-controlling interests	(4,494)	(4,258)
EPRA Earnings	**33,058**	**31,727**
EPRA Earnings per share (EPS)	**1.93**	**1.85**

EPRA performance indicators

EPRA performance indicator [1]	Page	Table	2021	(€ thousand) 2020	per share (€) 2021	per share (€) 2020
EPRA Earnings	175	1	33,058	31,727	1.93	1.85
EPRA NRV	176	2	818,719	833,563	47.73	48.60
EPRA NTA	176	2	722,681	750,833	42.13	43.78
EPRA NDV	176	2	705,074	725,168	41.11	42.28
EPRA Net Initial Yield (NIY)	176	3 (i)	3.9%	4.0%		
EPRA 'topped-up' NIY	176	3 (ii)	4.1%	4.1%		
EPRA Vacancy Rate	178	4	2.2%	3.6%		
EPRA Cost Ratio (including direct vacancy costs)	179	5 (i)	20.4%	24.2%		
EPRA Cost Ratio (excluding direct vacancy costs)	179	5 (ii)	19.9%	23.2%		
Capital expenditure	179	6	3,026	2,277		

1) The EPRA performance indicators have been calculated based on definitions as published by EPRA and included in the list of definitions on page 212.

2. EPRA Net Asset Value metrics

	31 December 2021			31 December 2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity Vastned Retail shareholders	713,072	713,072	713,072	737,195	737,195	737,195
Hybrid instruments	–	–	–	–	–	–
Diluted NAV	713,072	713,072	713,072	737,195	737,195	737,195
Diluted NAV at fair value	713,072	713,072	713,072	737,195	737,195	737,195
Deferred taxes in relation to fair value gains of property	9,164	9,164	–	10,635	10,005	–
Fair value of financial derivatives	770	770	–	4,068	4,068	–
Intangible fixed assets	–	(325)	–	–	(435)	–
Fair value of fixed–rate interest–bearing debts	–	–	(7,998)	–	–	(12,027)
Real–estate transfer tax	95,713	–	–	81,665	–	–
NAV	818,719	722,681	705,074	833,563	750,833	725,168
Fully diluted number of shares	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976
NAV per share	47.73	42.13	41.11	48.60	43.78	42.28

	31 December 2021			31 December 2020		
	Fair value	As a percentage oftotal portfolio	Percentage of excluded deferred taxes	Fair value	As a percentage of total portfolio	Percentage of excluded deferred taxes
The portion of the portfolio that is subject to deferred taxes and that is intended to hold and not to sell in the long run	196,064	14	100	202,575	14	100

3. EPRA Net Initial Yield & EPRA Topped-up Net Initial Yield as at 31 December

	Netherlands		France		Belgium		Spain		**Total**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Investment property addition:	622,575	642,270	410,115	407,195	323,194	338,802	82,115	90,996	1,438,000	1,479,263
Estimated transaction fees	58,554	43,852	29,183	29,422	8,268	8,469	2,561	2,845	98,566	84,588
Investment value of property (B)	**681,129**	**686,122**	**439,298**	**436,617**	**331,462**	**347,271**	**84,676**	**93,841**	**1,536,566**	**1,563,851**
Annualised gross rental income	31,032	31,370	14,480	15,508	17,200	17,977	2,945	3,569	65,658	68,424
Property outgoings	(4,260)	(3,969)	(539)	(544)	(1,320)	(1,245)	(199)	(242)	(6,318)	(6,000)
Annualised net rental income (A)	**6,772**	**27,401**	**13,941**	**14,964**	**15,880**	**16,732**	**2,746**	**3,327**	**59,340**	**62,424**
Effect of rent-free periods and other lease incentives	947	945	972	762	1,361	267	264	110	3,544	2,084
Topped-up annualised net rental income (C)	**27,719**	**28,346**	**14,913**	**15,726**	**17,241**	**16,999**	**3,010**	**3,437**	**62,884**	**64,508**
(i) EPRA Net Initial Yield (A/B)	3.9%	4.0%	3.2%	3.4%	4.8%	4.8%	3.2%	3.5%	3.9%	4.0%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.1%	4.1%	3.4%	3.6%	5.2%	4.9%	3.6%	3.7%	4.1%	4.1%

4. EPRA Vacancy Rate

31 December 2021

	Gross rental income	Net rental income	Lettable floor area (m^2)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	28,745	24,893	103,639	31,032	921	32,154	2.9%
France	13,482	12,862	21,340	14,480	454	17,435	2.6%
Belgium	17,232	16,228	76,823	17,200	135	17,071	0.8%
Spain	2,757	2,640	2,990	2,945	–	3,188	–
Total property	**62,216**	**56,623**	**204,792**	**65,658**	**1,510**	**69,848**	**2.2%**

31 December 2020

	Gross rental income	Net rental income	Lettable floor area (m^2)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	30,280	26,154	105,575	31,370	1,633	33,085	4.9%
France	14,214	12,749	21,340	15,508	242	17,514	1.4%
Belgium	17,085	15,148	81,903	17,977	718	17,770	4.0%
Spain	3,337	2,967	3,419	3,569	–	3,489	–
Total property	**64,916**	**57,018**	**212,237**	**68,424**	**2,593**	**71,858**	**3.6%**

As at year–end 2021, the EPRA vacancy rate was 2.2%, 1.4% lower compared to 2020. The lower vacancy was mainly attributable to lower vacancy in the Netherlands and Belgium.

5. EPRA Cost Ratios

	2021	2020
General expenses	6,707	7,418
Operating expenses	5,942	8,039
Net service charge expenses	142	367
EPRA costs (including vacancy costs) (A)	**12,791**	**15,824**
Vacancy costs	(302)	(617)
EPRA costs (excluding vacancy costs) (A)	**12,489**	**15,207**
Gross rental income [1]	**62,706**	**65,424**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.4%	24.2%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	19.9%	23.2%

1) Including other income of € 490 (2020: € 508).

In 2021, no operating expenses were capitalised (2020: nil). Vastned capitalises the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for letting. General expenses (overheads) are not capitalised.

6. Capital Expenditure

	2021	2020
Acquisitions	–	–
Development	–	–
Like–for–like portfolio [1]	3,026	2,277
Other	–	–
Total	**3,026**	**2,277**

1) Concerns improvements to several properties already held in various countries.

Vastned has no interests in joint ventures.

Sustainability reporting

Introduction

Vastned reports on its environmental, social and governance (ESG) impact in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR).

This report has two sections:
1. Overarching recommendations
2. Sustainability performance indicators

Overarching recommendations

Organisational boundaries
Vastned uses the operational control approach for its data boundary.

Coverage of performance data
Please see the EPRA performance tables below for data on every individual performance indicator. Vastned reports gas and electricity consumption data for common areas and vacant units for all properties in its portfolio over which Vastned has operational control as landlord. This excludes the majority of the 271 properties in the portfolio, as they do not have common areas and the tenant has operational control over the property (for more information, see Boundaries and Normalisation below).

Estimation of landlord-obtained utility consumption
The table below provides the estimated environmental data for Vastned's portfolio in 2021 and 2020. All data used for the 2021 and 2020 calculations are based on actual consumption data from that year. For lettable units where data was missing for part of 2021, the data was extrapolated on a pro rata basis. 25% of the data for the environmental performance indicators for Vastned's own offices have been estimated for 2021 and 2020.

Estimated portfolio data	2021	2020
Elec-Abs	25%	31%
Elec-LfL	6%	24%
Fuels-Abs	12%	52%
Fuels-LfL	7%	25%

Third-party assurance
No third-party assurance has been conducted.

Boundaries – reporting on landlord and tenant consumption
The consumption reported includes only energy that Vastned purchases as landlord. All landlord-obtained utility consumption relates to consumption that Vastned purchases and/or controls as the landlord, including common areas and shared services. Where units and spaces become vacant, the associated energy consumption falls under Vastned's operational control. Consumption by the tenant is only taken into account when Vastned has purchased the energy and reinvoiced this to the tenant.

Analysis – normalisation
In 2019, intensity indicators were calculated based on floor areas (sqm) for entire buildings, including floor areas over which Vastned has no operational control. Vastned is aware there is a mismatch between the nominator and denominator in its methodology for calculating intensities. To improve its reporting standard in 2020 and 2021, Vastned has used the floor areas (sqm) over which it has actual operational control.

Tenants receive bills for the major part of each building; Vastned only receives bills for common areas and vacant units in the Netherlands, for which data has been provided (see table *'EPRA portfolio'*).

Analysis – segmental analysis (by property type, geography)
All the assets for which Vastned is responsible for energy consumption are located in the Netherlands. In 2018, Vastned conducted a segmental analysis on two types of properties: shopping centres and high street shops. Since 2019, there has been no segmentation, since most of the shopping centres have been sold and now form only a small part of the portfolio, so segmentation would not provide a meaningful analysis (see table *'EPRA portfolio'*).

Disclosure on own offices

The offices that Vastned uses for its own business are reported separately to its portfolio. Please see *'EPRA own offices'*.

Narrative on energy performance

Elec-LfL and Fuels-LfL: Vastned observes a decrease in the like-for-like consumption of electricity and natural gas in 2021. Vastned does not observe significant outliers regarding this decrease, but a steady decrease over the total portfolio. For this reason, the most likely explanation would seem to be that the decrease in energy consumption was simply due to the inactivity of the properties that were under Vastned's operational control. In 2021, Europe experienced lockdowns and curfews for retailers, bars and restaurants. This is the main reason why Vastned believes the like-for-like energy consumption was lower this year.

Elec-Abs and Fuels-Abs: Vastned also observes a decrease in the total consumption of electricity and natural gas in 2021. This decrease can be explained by the divestment of properties that had relatively high natural gas consumption and the change of properties under Vastned's operational control. This change had a significant impact on the total figures since these properties have different energy consumption characteristics. A higher decrease in natural gas consumption compared to electricity consumption was also observed. Vastned believes this is due to higher gas prices in Europe, leading tenants to become more conscious of their natural gas consumption to prevent high service fees.

Energy-Int, Cert-Tot: Vastned observes an increase in the energy intensity of its properties. This increase can be explained by the change of properties under Vastned's operational control and their energy consumption characteristics. This year, the properties have fewer square meters compared to their usage. Vastned acknowledges that there is room for improvement within the portfolio and aims to continue to improve the sustainability performance of the portfolio. The completed sustainable renovation projects for 2021 are presented below. Eight apartments were created by means of two conversions, and six apartments were renovated. Vastned aims to improve the energy efficiency, living comfort and safety of the apartments by renovating them. Energy efficiency is measured using an energy performance certificate (EPC). Only projects where the EPC has risen to A are eligible to be allocated to green financing instruments. Vastned has included a new target in 2021 to increase its portfolio of eligible assets from 10% to 25%.

Sustainable renovation projects in 2021

Street:	City:	EPC before:	EPC after:	Delivery date:	Comments:
Govert Flinckstraat 118	Amsterdam	G	B	Mar-21	Renovation
Zakkendragersteeg 42	Utrecht	N/A	A	May-21	Transformation of secondary space into 5 apartments
Ferdinand Bolstraat 79	Amsterdam	G	A	Jun-21	Renovation
Ferdinand Bolstraat 109	Amsterdam	C	A	Aug-21	Renovation
Jan van Hooffstraat 10	Eindhoven	N/A	A+ (2x)/A	Aug-21	Transformation of secondary space into 3 apartments
Ferdinand Bolstraat 109	Amsterdam	C	A	Sep-21	Renovation
Rue Sainte Catherine 20	Bordeaux	E	D	Sep-21	Renovation
Ferdinand Bolstraat 97	Amsterdam	G	A	Dec-21	Renovation

In 2021, Vastned also took several energy-saving measures to improve the efficiency of its commercial properties. These measures include placing insulation in the rental units, installing air curtains and LED lights and placing smart meters for better data collection of energy consumption. For the following five properties, Vastned has taken several energy-saving measures, for which the cost will be recouped within five years:

- Vinkenburgstraat 2, Utrecht;
- Drieharingstraat 6-8, Utrecht;
- Orionstraat 137-159, Eindhoven;
- Mozartlaan / van der Molenallee, Doorwerth; and
- Vredenburg 9, Utrecht.

GHG Dir, GHG-Indir and GHG-Int: the decrease in GHG-Dir (Scope 1) and GHG-Indir (Scope 2, location-based) is related to the respective decrease in absolute consumption of fuels and electricity described above. The narrative on the increase in emission intensity aligns with the narrative for energy intensity described above. Vastned reduces its Scope 1 and 2 greenhouse gas emissions by reducing energy consumption under its operational control and by purchasing renewable energy. In 2021 and 2020, Vastned purchased 100% renewable wind electricity for the consumption of properties under its operational control.

In 2022, Vastned will continue to improve a selection of the portfolio through sustainable renovation projects. In 2022, Vastned will also put more emphasis on renovation projects of commercial premises, as the focus in the past was mostly on residential units. Below, all sustainable renovation projects planned for 2022 are described.

Narrative on gender pay

Vastned does not report diversity data on remuneration for 'other direct employees'. Since Vastned employed only 31.7 FTEs at year-end 2021, there are no male and female employees in the same position and with the same experience. Their salaries are not comparable as they are determined based on position, seniority and years of service with Vastned.

Vastned has defined a diversity and inclusion policy[1] that aims to create equal opportunities for everyone in the organisation. This ambition is put into practice by the intention that the Executive Board, the Supervisory Board and the Executive Committee should consist of at least 30% women and at least 30% men.

→ 1) http://www.vastned.com/Upload/Diversity-Policy-per-01.03.2021.pdf

Narrative on employee turnover

Vastned noted an increase in Emp-Turnover in 2021 compared to 2020. The high Emp-Turnover in 2021 was due to the high amount of natural turnover due to the retirement of several employees. Vastned endeavours to retain talent with talent programmes, welfare programmes and a bonus system. For a detailed overview of how Vastned attracts talent, see *Stakeholder Dialogue* on page 21 and *Organisation* on page 48.

Narrative on performance appraisal

Every year, a performance review and an assessment interview are held with every employee. During these meetings, challenging targets are set for the employee in mutual

Sustainable renovation projects in 2022

Street:	City:	EPC before:	EPC indication after:	Expected delivery date:	Comments:
Choorstraat 9	Utrecht	G	A	Jul-22	Splitting three apartments into eight apartments
Choorstraat 13	Utrecht	G	A	May-22	Splitting one apartment into three apartments
1e Jan van der Heijdenstraat 88.1	Amsterdam	G	A	Feb-22	Renovation of one apartment
1e Jan van der Heijdenstraat 88A.1	Amsterdam	G	B	Nov-22	Renovation of one apartment

In 2022, an assessment will be made of Vastned's commercial units and how to optimise the energy efficiency of the total portfolio.

consultation with their manager. These targets are geared towards Vastned's objectives as well as to the employee's competencies. This aligns the employees' personal development with Vastned's interests. As an added incentive, Vastned grants variable bonuses to its staff, which are determined based on the degree to which their targets are achieved. In this way, Vastned aims to further align the interests of its employees and its shareholders.

The Remuneration and Nomination Committee is charged with evaluating the members of the Executive Board and the Supervisory Board. This committee is also responsible for annually accounting for the remuneration policy.

Location of EPRA sustainability performance indicators

EPRA environmental sustainability performance indicators can be found in the table *'EPRA Portfolio'* on pages 185 and 186, and '*EPRA own offices*' on pages 187 of this report. EPRA governance and social performance indicators can be found in the table *'EPRA social governance'* on pages 188 and 189 of this report.

Narrative on employee Health and Safety

Vastned considers promoting the health and well-being of its employees to be fundamental to a well-functioning organisation. For this reason, Vastned helps to create a pleasant work environment for all its employees and invests in their training, health and social engagement. Vastned offers employees a 50% discount on gym memberships. Employees are also encouraged to refresh their knowledge by taking relevant training courses regularly.

In 2021, during the COVID-19 pandemic, Vastned also offered employees, across all the countries it operates in, the opportunity to participate in an online wellness and health programme (Virgin Pulse Go). This program offers tips and support for a sustainable, healthy lifestyle, and encourages employees to stay in touch with each other (also remotely), thereby contributing positively to the team's well-being.

Narrative on employee training

Vastned feels it is important to stimulate and engage its employees to realise the company's ambitions together and create long-term value. In 2021, 16 employees (47%) attended a training course. This equalled 15.31 FTEs with 1111 hours spent on training[2]. This is an average of 73 hours per FTE and is divided between four departments: administrative (38%), finance and accounting (25%), portfolio management (31%) and legal (6%). This is a minor decrease compared to 2020 when an average of 75 hours per FTE were spent on training.

Reporting period

Vastned provides two years of performance data covering the 2021 and 2020 calendar years for all performance measures (if material).

Materiality

Vastned reports on all environmental performance measures that Vastned is responsible for across its portfolio. Performance measures relating to district heating and cooling consumption (DH&C), Water and Waste are not applicable as Vastned is not responsible for these utilities across its portfolio under the scope of operational control as defined above. Vastned does not report on community engagement (Comty-Eng) as Vastned has not identified this as material. The portfolio consists primarily of high street assets let on a core and shell basis, meaning there are only a few common areas and that there is no development/ redevelopment activity.

The tenants of Vastned are engaging with the community on a daily basis. The tenants are a very important stakeholder for Vastned and Vastned encourages commercial tenants to be socially and environmentally responsible. Vastned has included green and ethical clauses in new leases to make tenants aware of their impact on the environment and on society. This clause address subjects such as the use of natural resources, the circular economy, the International Labour Organisation, international codes and standards of conduct, human rights, child labour and animal welfare.

Stakeholder dialogue

Page 18-21 of this report contains Vastned's stakeholder dialogue and the materiality matrix. It shows how Vastned actively engages with its stakeholders and creates long-term value for its stakeholders and society (see the *Value creation model* on page 18 and *Stakeholder dialogue* on page 21).

2) Training is defined as education, training or courses provided by an external party outside Vastned's organisation.

Sustainability performance measures

EPRA portfolio

Indicator	EPRA	Unit of measure	2021	2020	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	618,570	623,306	56 out of 56	-1%
	(% from renewable sources)	%	100	100		–
Like-for-like electricity consumption	Elec-LfL	kWh	423,353	481,565	41 out of 41	-12%
Total energy consumption from district heating and cooling	DH&C-Abs 1)	kWh	n/a	n/a	n/a	n/a
Like-for-like consumption from district heating and cooling	DH&C-LfL 1)	kWh	n/a	n/a	n/a	n/a
Total energy consumption from fuel	Fuel-Abs	kWh	720,227	937,792	30 out of 30	-23%
	(% from renewable sources)	%	0%	0%		–
Like-for-like consumption from fuel	Fuels-LfL	kWh	590,993	633,811	21 out of 21	-7%
Building energy intensity	Energy-Int	kWh/m^2	41.0	26.4	56 out of 56	55%
Direct GHG emission (total) Scope 1 Scope 1	GHG-Dir-Abs	tCO_2e	133	173	30 out of 30	-23%
Indirect GHG emission (total) Scope 2 (location based) Scope 2 (location based)	GHG-Indir-Abs	tCO_2e	287	289	56 out of 56	-1%
Building GHG emissions intensity	GHG-Int	tCO_2e/m^2	0.019	0.012	56 out of 56	55%
Total water consumption	Water-Abs 2)	m_3	n/a	n/a	n/a	n/a
Like-for-like water consumption	Water-LfL 2)	m_3	n/a	n/a	n/a	n/a
Building water consumption intensity	Water-Int 2)	m^3/m^2	n/a	n/a	n/a	n/a
Weight of waste by disposal route (total)	Waste-Abs 3)	kg	n/a	n/a	n/a	n/a
		% recycled	n/a	n/a	n/a	n/a
		% sent to landfill or incinerated	n/a	n/a	n/a	n/a

Indicator	EPRA	Unit of measure	2021	2020	Coverage	Change
Weight of waste by disposal route (Like-for-like)	Waste-LfL [3]	kg	n/a	n/a	n/a	n/a
		% recycled	n/a	n/a	n/a	n/a
		% sent to landfill or incinerated	n/a	n/a	n/a	n/a
Type and number of assets certified	Cert-Tot	% of portfolio certified OR	74%	72%	See below [4]	3%
		number of certified assets				

1) DH&C-Abs and DH&C-LfL are not applicable as Vastned is not responsible for district heating and cooling across its portfolio.
2) Water-Abs and Water-LfL are not applicable as Vastned is not responsible for water and waste across its portfolio.
3) Waste-Abs and Waste-LfL are not applicable as Vastned is not responsible for water and waste across its portfolio.
4) Cert-Tot: the percentage refers to the proportion of the portfolio that has an EPC (Energy Performance Certificate).
The breakdown of Vastned's EPCs is as follows:
A+ 1%
A 11%
B 9%
C 15%
D 23%
E 15%
F 8%
G 14%
H 1%
I 3%

Portfolio GHG emissions have been calculated using 2020 conversion factors provided by the International Energy Agency (IEA) for electricity and www.co2emissiefactoren.nl for fuels (2021 figures were not yet available).
Scope 1 emissions include fuel consumption while Scope 2 emissions include electricity consumption.
Coverage is the number of units that have been used to calculate the emission figures.

EPRA own offices

Consumption	EPRA indicator	Unit	Netherlands	Belgium	France	Spain	Total	Coverage
Electricity	Elec-Abs	kWh	41,302.0	13,662.0	23,771.0	3,100.0	81,835.0	4 out of 4
Heating - Gas	Gas-Abs	m^3	1,840.0	1,500.0	0.0	1,250.0	4,590.0	4 out of 4
Water	Water-Abs	m^3	74.4	32.0	5.0	0.8	112.2	4 out of 4
Paper	Waste-Abs [1)]	Kg	520.0	180.0	333.0	25.0	1,058.0	4 out of 4
CO_2e	GHG-Dir	Tonnes (location-based) [2)]	3.7	2.8	0.0	2.4	8.9	4 out of 4
CO_2e	GHG-Indir	Tonnes (location-based) [2)]	23.0	7.6	13.2	1.7	45.5	4 out of 4
CO_2e	Water-Abs	Tonnes (location-based) [2)]	0.0	0.0	0.0	0.0	0.0	4 out of 4
CO_2e	Waste-Abs [1)]	Tonnes (location-based) [2)]	0.6	0.2	0.4	0.0	1.2	4 out of 4
Air travel	n/a	Tonnes CO_2e	4.9	0.0	0.9	0.0	5.8	4 out of 4
Car travel	n/a	Tonnes CO_2e	44.4	6.7	0.0	1.0	52.1	4 out of 4
Public transport	n/a	Tonnes CO_2e	0.2	0.0	0.3	0.0	0.5	4 out of 4
Total	**n/a**	**Tonnes CO_2e**	**76.7**	**17.3**	**14.8**	**5.1**	**113.9**	**4 out of 4**

1) Waste-Abs: Vastned only has data on paper waste.
2) Own office CO_2e conversion factors are based on data provided by the Climate Neutral Group in the Netherlands.

All company offices are leased and therefore are not part of the investment portfolio.
For this reason, their environmental performance is reported separately.
This data concerns Vastned's offices in Belgium, France, Spain and the Netherlands.
Taking all EPRA indicators together, Vastned's CO_2e emissions total 114 tonnes CO_2e.

EPRA social governance

Indicator	EPRA	Type of assets	Unit of measure	2021	2020	Coverage
Gender diversity	Diversity-Emp	Corporate operations	% of employees	100% Male	100% Male	Supervisory Board
				100% Male	100% Male	Executive Board
				38% Male, 62% Female	42% Male, 58% Female	Other direct employees
Gender pay	Diversity-Pay	Corporate operations	Ratio	1.0	1.0	Supervisory Board [1]
				n/a	n/a	Executive Board
				-	-	Other direct employees [2]
Performance appraisals	Emp-Dev	Corporate operations	% of total workforce	100%	100%	Direct employees
Employee training	Emp-Training	Corporate operations	Hours spent per FTE	73	75	Direct employees
New hires this year	Emp-Turnover	Corporate operations	Total number	2	4	Direct employees
			Percentage	6%	10%	
Turnover			Total number	9	2	
			Percentage	26%	5%	
Number of injuries [3]	H&S-Emp	Corporate operations	Total number	0	0	Direct employees
Lost day rate as a % of FTEs			Hours sick as a percentage of planned hours (FTE)	1.0%	0.9%	
Sickness absence rate [4]			Hours sick as a percentage of planned hours (FTE)	1.0%	0.9%	
Fatalities			Total number	0	0	
Health and safety assessments	H&S-Asset	Corporate operations	n/a [5]	n/a	n/a	n/a
Health and safety compliance	H&S-Comp	Corporate operations	n/a [5]	n/a	n/a	n/a
Board composition	Gov-Board	Corporate operations	Total number of Executive board members	1	1	Supervisory Board and Executive Board
			Total number of Supervisory board members (independent)	2	3	
			Average tenure (years) of Supervisory Board [6]	4.5	4.7	
			Total number with competencies relating to environmental and social topics	0	0	

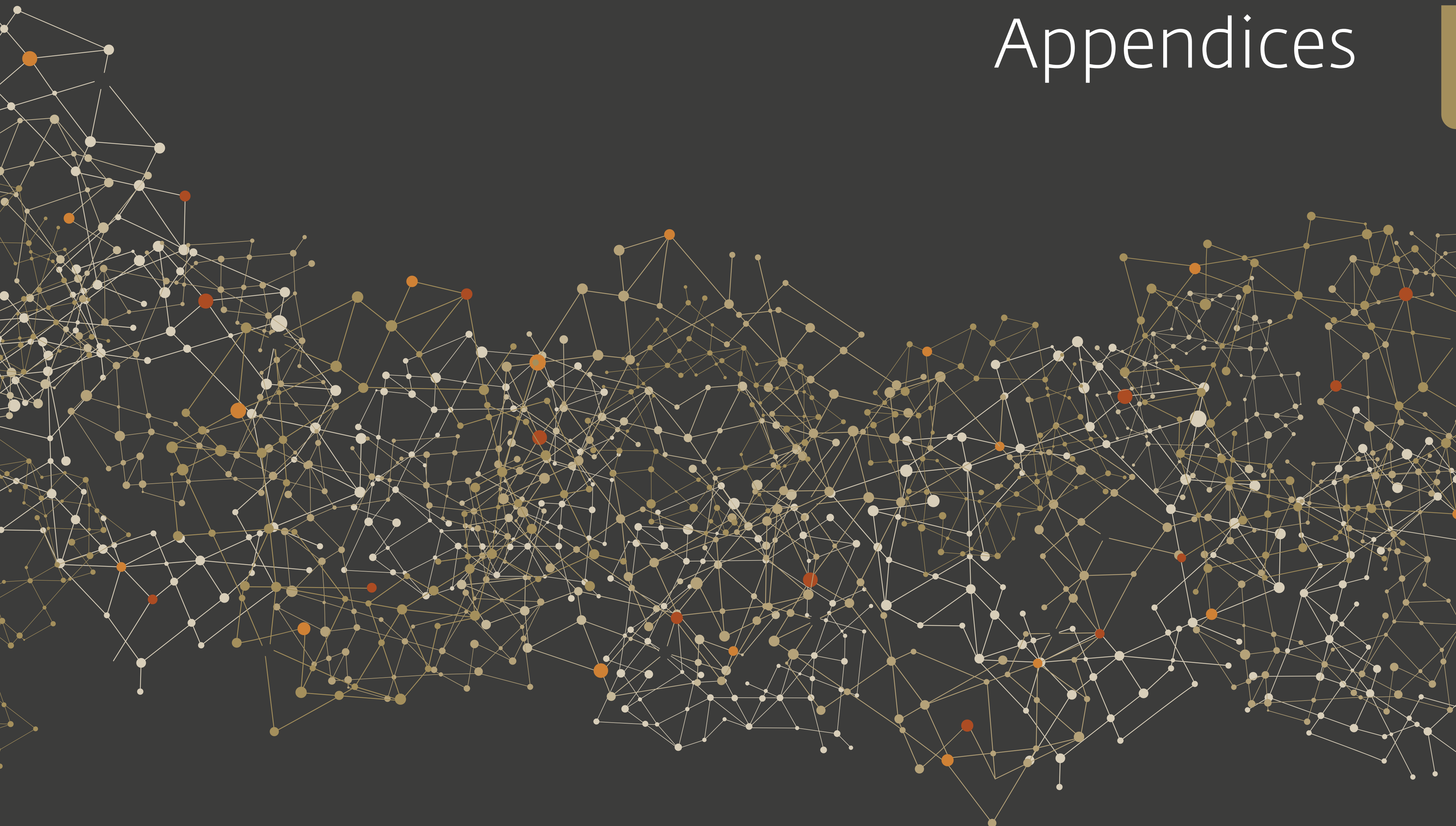
Indicator	EPRA	Type of assets	Unit of measure	2021	2020	Coverage
Independent/non-executive board members with competencies relating to environmental and social topics	Gov-Select	Corporate operations	Description	The members of the Supervisory Board are appointed by the Annual General Meeting. The Supervisory Board draws up nominations for the appointment of new members to the Supervisory Board. Competencies in the area of environmental and social topics will be taken into consideration in the selection and appointment of future members of the Supervisory Board.		Supervisory Board
Certification investments	Gov-CoI	Corporate operations	Description	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 2021 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. As a result, Vastned complies with Principle 2.1 of the Code. For more information on Vastned's compliance with the Dutch corporate Governance Code, see the Corporate Governance chapter of this annual report.		Supervisory Board and Executive Board

n/a = not applicable.

1) The ratio represents the remuneration award to Supervisory Board members of equal position. As such, it excludes the Chairman.
2) Vastned is currently unable to report on this performance measure.
3) Given the limited number of staff employed by Vastned, the total number of injuries is reported rather than the injury rate.
4) The total number of days lost compared to the total number of days planned by Vastned for the same period.
5) Vastned ensures that all mandatory H&S assessments are fully complied with (such as fire safety, escape routes, ventilation, etc.). For most of its properties, Vastned has a technical building manager who is responsible for this. Reporting these figures falls outside the scope of Vastned's operational control.
6) A supervisory director will resign no later than just after the Annual General Meeting 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, but may only serve for a maximum of twelve years.


COS

Appendices



Property in operation

The Netherlands

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Almelo	Grotestraat 32 / Hof van Gülick 51	1993	1920	210	1	1
	Grotestraat 36	1996	1920	430	–	–
	Grotestraat 83-85	1994	1850	255	1	–
	Grotestraat 97b / Koornmarkt 3-5 and 9-11	1993	1920	1,132	4	–
Amersfoort	Langestraat 8 / Krankeledenstraat 1a	1990	1900	409	1	1
	Utrechtsestraat 13 / Hellestraat 3	2008	1900	97	1	1
Amsterdam	Ferdinand Bolstraat 47-49	2017	1885	316	1	5
	Ferdinand Bolstraat 65	1989	1883	113	1	3
	Ferdinand Bolstraat 79-81	1987	1905	160	1	6
	Ferdinand Bolstraat 85 / 1e Jan Steenstraat 89	2019	1884	617	1	4
	Ferdinand Bolstraat 88	1987	1883	85	1	3
	Ferdinand Bolstraat 92 / G. Flinckstraat 118	1987	1882	81	1	6
	Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90	1987	1892	194	1	9
	Ferdinand Bolstraat 101	1989	1892	118	1	3
	Ferdinand Bolstraat 109	1989	1882	76	1	3
	Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88	1993	1893	130	1	6
	Ferdinand Bolstraat 122	1987	1893	95	1	3
	Ferdinand Bolstraat 124	1987	1893	75	1	3
	Ferdinand Bolstraat 126	1989	1893	80	1	3
	Heiligeweg 37	2014	1907	114	1	–
	Heiligeweg 47	1989	1899	60	1	–
	Kalverstraat 9	1990	1900	253	1	–
	Kalverstraat 11-17 / Rokin 12-16	2015	2014	6,000	3	–
	Kalverstraat 132 / Begijnensteeg 1	2014	1894	118	2	–
	Kalverstraat 162-164	1988	1800	328	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Kalverstraat 182	1987	1900	95	1	–
	Kalverstraat 208	1991	1850	160	1	–
	Keizersgracht 233	2019	1900	210	1	1
	Keizersgracht 504	2012	1686	200	1	1
	Leidsestraat 2 / Herengracht 424	2016	1900	431	1	4
	Leidsestraat 5	1990	1905	380	1	–
	Leidsestraat 23	2013	1700	160	1	–
	Leidsestraat 46	2012	1900	190	1	–
	Leidsestraat 60-62 / Kerkstraat 39	2014	1750	82	1	4
	Leidsestraat 64-66 / Kerkstraat 44-3 and 44-4	1986	1912	790	3	–
	Nes 67 / Sint Barberenstraat 4	2019	1923	1,233	1	–
	P.C. Hooftstraat 35	2015	1904	225	1	–
	P.C. Hooftstraat 37	2015	1897	112	1	–
	P.C. Hooftstraat 46-50	2014	1885	684	2	4
	P.C. Hooftstraat 49-51	2013	1905	380	1	5
	P.C. Hooftstraat 78, 78-I-II-III	2013	1905	465	2	–
	Reguliersbreestraat 9 / Amstel 8	1987	1905	277	2	3
	Reguliersdwarsstraat 80-82-84	2018	1832	803	1	7
	Rembrandtplein 7[1)]	2007	1897	285	1	3
	Spuistraat 3E and 3F	2017	1900	189	1	–
	Van Baerlestraat 86	1994	1800	90	1	2
	Van Baerlestraat 108-110	1990	1800	265	2	5
Apeldoorn	Deventerstraat 6	1990	1930	70	1	–
	Deventerstraat 14 and 14A	1994	1900	295	2	–
Arnhem	Bakkerstraat 3a and 4 / Wielakkerstraat 8	1990	1600	188	1	1
	Bakkerstraat 5 and 6 / Wielakkerstraat 10	1994 / 2014	1950	971	3	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Koningstraat 12-13 / Beekstraat 105-107 and 108	1988	1890	1,052	4	2
	Vijzelstraat 24	1994	1800	161	1	–
Breda	Eindstraat 14-16	1988	1924	260	1	–
	Ginnekenstraat 19	1993	1980	150	1	–
	Grote Markt 29 / Korte Brugstraat 2	1991	1953	102	2	–
	Karrestraat 25	1994	1920	268	–	2
	Ridderstraat 19	1994	1800	225	1	–
	Torenstraat 2	1992	1953	90	1	–
	Veemarktstraat 30	1991	1920	555	1	–
	Veemarktstraat 32 and 32A	1992	1800	70	1	1
Brunssum	Kerkstraat 45 / Schiffelerstraat 1	1997	1970	620	3	–
Doetinchem	Dr. Huber Noodtstraat 2 / Plantsoenstraat 1A	1997	1968	1,840	4	–
	Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	1994	1985	310	3	–
Doorwerth	Mozartlaan 52-66 / van der Molenallee 107-125	1997	2007	3,395	11	–
Eerbeek	Stuijvenburchstraat 44, 44A, 46A and 46B	1997	1965	350	2	2
Eindhoven	Orionstraat 137-159	1993	1973	3,102	4	–
	Rechtestraat 25 / Jan van Hooffstraat 10-12-14	1992	1930	100	1	3
	Rechtestraat 44 and 48 / Achterom 44-46	1988	1966	3,273	2	–
Emmeloord	Lange Nering 65 and 65A	1993	1960	275	–	1
Enschede	Kalanderstraat 6	1993	1950	124	–	–
Goor	Grotestraat 61, 63 and 63A	1994	1910	859	1	1
Haaksbergen	Spoorstraat 45	1997	1986	800	1	1
Haarlem	Grote Houtstraat 90	1988	1850	96	1	–
Hardenberg	Fortuinstraat 21	1997	1985	300	1	–
	Voorstraat 10	1997	1930	1,173	1	–
Harderwijk	Markt 14	1991	1875	470	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Heerlen	Saroleastraat 38 and 38A	1994	1930	225	1	1
Hengelo	Wegtersweg 5-21	2006	2006	4,622	1	–
's-Hertogenbosch	Hinthamerstraat 48	1988	1900	130	1	2
	Markt 27	2012	1648	225	1	–
	Schapenmarkt 17-19	2014	1930	1,254	1	–
Houten	Onderdoor 4, 4a	2010	2010	2,105	2	–
Joure	Midstraat 153-163 / Sinnebuorren 28	2006	1981	2,519	3	5
Leeuwarden	Wirdumerdijk 7 and 7a / Weaze 16	1994	1920	520	2	1
Maastricht	Grote Staat 59 / Leliestraat 4	2014	1742	240	1	2
	Muntstraat 16-18	1989	1897	135	1	–
	Muntstraat 20	1987	1891	110	1	–
	Muntstraat 21	2014	1920	311	1	–
	Wolfstraat 8 / Minckelersstraat 1a	1992	1883	789	2	–
	Wolfstraat 27-29, Havenstraat 18	2013	1752	455	1	1
Nijmegen	Broerstraat 26 / Scheidemakershof 37	1993	1960	161	1	3
	Broerstraat 70	1989	1951	1,033	1	–
	Plein 1944 nr. 2 / Hendrikhof 1 and 1A	1988	1957	164	1	7
Oss	Heschepad 47-51 / Molenstraat 21-25	1986	1983	2,803	3	–
Renkum	Dorpsstraat 21-23	1997	1907	520	1	–
Ridderkerk	Sint Jorisplein 30a-30c	1994	1970	478	3	–
Roermond	Steenweg 1C / Schoenmakersstraat 2, 10-16 and 18	1986	1980	2,497	6	–
Roosendaal	Nieuwe Markt 51	1994	1960	200	1	–
Rotterdam	Keizerswaard 73	1996	1992	280	1	–
	Winkelcentrum Zuidplein[2)]	94/95/10	1972	1,315	1	–
The Hague	Korte Poten 10	1989	1916	56	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Korte Poten 13 / Koediefstraat 3B and 3C	1990	1916	120	1	2
	Korte Poten 42	1987	1900	55	1	4
	Lange Poten 21, 21A and 21B	1989	1916	204	1	2
	Plaats 17 and 21	1990	1916	415	2	–
	Plaats 25	1987	1920	517	1	–
	Spuistraat 13	1988	1930	662	1	–
	Vlamingstraat 43	1995	1916	163	1	–
	Wagenstraat 3-5 / Weverplaats	2012	2012	3,176	1	–
Tiel	Waterstraat 29 / Kerkstraat 2b	1994	1850	70	1	1
	Waterstraat 51	1994	1920	65	1	–
Tilburg	Winkelcentrum Westermarkt[2)]	93/94/08	61/62/63	7,614	12	–
Uden	Marktstraat 30a, 32-34	1994	1958	420	1	1
Utrecht	Achter Clarenburg 19	1987	1975	91	1	–
	Bakkerstraat 16	2013	1900	642	1	3
	Choorstraat 13 / Steenweg 1A	1987	1900	139	1	1
	Drieharingstraat 2-8, 14-18 and 22	2018	1900	3,047	8	–
	Lange Elisabethstraat 6	1987	1850	113	1	–
	Lange Elisabethstraat 36	1993	1850	188	1	–
	Nachtegaalstraat 55	1994	1904	2,116	2	2
	Oudegracht 124-128	1990	1930	393	2	2
	Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14	1987	1900	2,482	9	5
	Oudegracht 153 - 159	1997/2013	1904	1,616	6	2
	Oudegracht 161 / Aan de Werf/Hekelsteeg 6-10A	1997	1900	1,963	2	10
	Steenweg 9 / Choorstraat 9-9bis	1990	1900	578	2	3
	Steenweg 22-28 / 2e Buurkerksteeg 3-7	2014	1800	288	3	3
	Steenweg 31-33 / Hekelsteeg 7	2013	1450	790	–	–
	Vismarkt 4	2017	1900	308	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Vredenburg 1	2018	1900	264	1	–
	Vredenburg 9, 9A, 9B / Zakkendragerssteeg 42-50	2016	1900	1,308	2	9
Venlo	Lomstraat 30	1993	1960	465	1	–
	Lomstraat 33	1994	1970	50	1	–
Venray	Grotestraat 2-4 / Grote Markt 2, 2A and 4	1986	1946	1,166	4	–
Vriezenveen	Westeinde 21-29	1993	1938	2,611	9	–
Winschoten	Langestraat 22	1994	1900	70	–	–
	Langestraat 24 / Venne 109	1991	1960	430	2	–
Winterswijk	Dingstraat 1-3	1998	1900	2,335	2	–
	Misterstraat 8-10 / Torenstraat 5a and 5c	1996	1900	441	1	2
	Misterstraat 12 / Torenstraat 5b	1991	1939	135	1	1
	Misterstraat 14 and 14B	1991	1989	377	2	–
	Misterstraat 33	1999	1900	550	1	–
Zutphen	Beukerstraat 28	1989	1800	296	1	–
	Beukerstraat 40	1989	1838	335	1	–
Zwolle	Diezerstraat 62	1996	1910	95	1	–
	Diezerstraat 74 and 74A / Gasthuisplein 21B	2012	1800	315	1	4
	Diezerstraat 78 / Rodehaanstraat 2	1990	1832	140	1	5
	Luttekestraat 26 / Ossenmarkt 1a	1990	1930	78	1	1
TOTAL PROPERTY IN OPERATION NETHERLANDS				**103,639**	**254**	**198**

1) Land (partly) on long lease.
2) Concerns partial ownership.

France

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Bordeaux	Cours de l'Intendance 12	2011	1900	390	–	–
	Cours de l'Intendance 47	2011	1900	262	1	–
	Cours de l'Intendance 56	2013	1900	310	1	–
	Cours de l'Intendance 58	2013	1900	115	1	–
	Cours de l'Intendance 60	2013	1900	501	1	–
	Cours de l'Intendance 61	2012	1900	697	2	2
	Cours de l'Intendance 62	2013	1900	660	1	–
	Cours de l'Intendance 64-66	2013	1900	240	1	–
	Cours Georges Clémenceau 12	2011	1900	360	–	2
	Rue de la Porte Dijeaux 73	2012	1950	138	1	–
	Rue Sainte Catherine 20	2011	1900	592	1	13
	Rue Sainte Catherine 27-31	2011	1900	1,013	4	3
	Rue Sainte Catherine 35-37	2011	1900	343	1	–
	Rue Sainte Catherine 39	2011	1900	328	1	4
	Rue Sainte Catherine 66	2012	1950	133	1	–
Cannes	Rue Sainte Catherine 131	2012	1900	346	1	–
Lille	Rue d'Antibes 40	2000	1950	819	1	–
	Place de la Gare 8	2007	1945	156	1	–
	Place des Patiniers 1 bis	2007	1900	112	1	–
	Place des Patiniers 2-4	2007	1945	56	1	–
	Place du Lion d'Or 9	2007	1870	152	1	–
	Place Louise de Bettignies 15-23	2007	1870	352	1	–
	Rue Basse 8	2007	1930	148	1	–
	Rue de la Grande Chaussée 25	2007	1870	200	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Rue de la Grande Chaussée 29 -1	2007	1870	236	1	–
	Rue de la Grande Chaussée 29 -2	2007	1870	240	–	3
	Rue de la Grande Chaussée 33-35	2007	1870	429	1	–
	Rue de la Monnaie 2	2007	1870	468	–	4
	Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	2007	1870	240	1	–
	Rue de la Monnaie 4	2007	1870	103	1	–
	Rue de la Monnaie 6	2007	1870	123	1	–
	Rue de la Monnaie 6 bis	2007	1870	82	1	–
	Rue de la Monnaie 12	2007	1870	172	1	–
	Rue de la Monnaie 13	2007	1870	85	1	–
	Rue des Chats Bossus 13	2007	1870	454	1	–
	Rue des Chats Bossus 21	2007	1870	168	1	–
	Rue des Ponts de Comines 30	2007	1945	197	1	–
	Rue des Ponts de Comines 32	2007	1945	267	1	–
	Rue du Curé Saint-Etienne 6-8	2007	1950	153	1	–
	Rue du Curé Saint-Etienne 17	2007	1870	172	1	–
	Rue Faidherbe 28-30	2007	1945	102	1	–
	Rue Faidherbe 32-34	2007	1945	598	1	–
	Rue Faidherbe 38-44	2007	1945	200	1	–
	Rue Faidherbe 48	2007	1945	135	1	–
	Rue Faidherbe 50	2007	2015	235	1	–
	Rue Faidherbe 54	2007	2015	139	1	–
Lyon	Rue Édouard Herriot 70	2014	1900	388	2	–
	Rue Victor Hugo 5	2001	1950	90	1	–
Nice	Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	2001	1950	362	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Paris	Rue d'Alésia 123	2006	1956	419	1	–
	Rue de Rennes 146	2016	1900	195	1	–
	Rue de Rivoli 102	2012	1900	1,349	4	–
	Rue de Rivoli 118-120, Rue du Plat d'Etain 19 and Rue Pernelle 5	1998	1997	3,478	6	9
	Rue des Archives 21	2016	1900	163	-	–
	Rue des Francs Bourgeois 10	2018	1900	141	1	–
	Rue des Francs Bourgeois 12	2018	1900	154	1	–
	Rue des Francs Bourgeois 29	2017	1900	229	1	–
	Rue des Rosiers 3ter	2015	1900	383	1	–
	Rue des Rosiers 19	2017	1900	58	1	–
	Rue Vieille du Temple 26	2016	1900	213	1	–
	Rue Montmartre 17	2006	2003	246	1	–
Saint-Étienne	Rue Saint-Jean 27	2001	1950	51	1	–
TOTAL PROPERTY IN OPERATION FRANCE				21,340	70	40

Belgium[1)]

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Aalst	Albrechtlaan 56[2)]	2000	> 1980	1,000	1	–
	Brusselsesteenweg 41	2007	> 1980	770	1	–
	Nieuwstraat 10	1998	< 1950	145	1	–
Aartselaar	Antwerpsesteenweg 13 / 4	2000	> 1980	1,334	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Antwerp	Arme duivelstraat 6	2015	< 1950	132	1	–
	De Keyserlei 47	2000	< 1950	62	1	–
	De Keyserlei 49	2000	< 1950	102	1	–
	Graanmarkt 13	2015	< 1950	887	2	–
	Groendalstraat 11	2000	< 1950	39	–	–
	Huidevettersstraat 12-14	1994	< 1950	684	1	–
	Korte Gasthuisstraat 17	2015	< 1950	823	1	–
	Korte Gasthuisstraat 27	2000	< 1950	145	1	–
	Leysstraat 17	2000	< 1950	325	1	2
	Leysstraat 28-30	1997	< 1950	1,641	2	5
	Meir 99	1996	< 1950	583	1	–
	Schuttershofstraat 22	2015	< 1950	272	1	–
	Schuttershofstraat 24	2000	< 1950	190	1	–
	Schuttershofstraat 30	2000	< 1950	50	1	1
	Schuttershofstraat 32 / Arme Duivelstraat 2	2000	< 1950	54	1	–
	Schuttershofstraat 55	2015	< 1950	139	1	–
	Steenhouwersvest 44-46-48	2017	1950 - 1980	910	3	4
Bruges	Steenstraat 38	2013	< 1950	697	–	–
	Steenstraat 80	1998	< 1950	2,697	1	–
Brussels	Elsensesteenweg 16	1996	< 1950	1,222	1	–
	Elsensesteenweg 41-43	1998	< 1950	6,809	2	–
	Louizalaan 7	2000	< 1950	616	7	–
	Nieuwstraat 98	2001	< 1950	201	1	–
Drogenbos	Verlengde Stallestraat 217	2007	> 1980	530	1	–
Genk	Hasseltweg 74	2002	> 1980	2,331	3	–
Ghent	Veldstraat 23-27	2014	< 1950	2,050	3	–
	Veldstraat 81	1998	< 1950	675	1	–

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
	Volderstraat 15	1993	< 1950	280	1	–
	Zonnestraat 10	1998	< 1950	519	1	2
	Zonnestraat 6-8	1998	< 1950	3,484	1	–
Huy	Rue Joseph Wauters 3[2)]	2007	> 1980	1,000	1	–
Jemappes	Avenue Wilson 510	2007	> 1980	900	1	–
Kampenhout	Mechelsesteenweg 38-42	1999	> 1980	3,322	2	–
Korbeek-Lo	Tiensesteenweg 378[2)]	2007	> 1980	990	3	–
Leuven	Bondgenotenlaan 69-73	2001	< 1950	1,495	2	–
Liège	Rue Pont d'Ile 45	1998	< 1950	55	2	–
	Rue Pont d'Ile 49	1998	< 1950	375	1	–
Mechelen	Bruul 39-41	2000	< 1950	361	1	–
	Bruul 42-44	2001	< 1950	3,426	2	–
	Borzestraat 5	2001	< 1950	145	1	–
Moeskroen	Petite Rue 18	1998	< 1950	235	1	–
Mons	Grand Rue 19	2000	< 1950	185	1	–
Montignies-sur-Sambre	Rue de la Persévérance 14	2007	> 1980	750	1	–
Namur	Galerie Jardin d'Harscamp	2011	1950 - 1980	2,270	9	–
Philippeville	Zoning des Quatre Bras	1999	> 1980	3,689	6	–
Tielt-Winge	Retailpark 't Gouden Kruispunt	1999-2002	> 1980	18,096	22	–
Turnhout	Gasthuisstraat 32	1996	> 1950	505	1	–
Waver	Boulevard de l'Europe 41	2007	> 1980	860	2	–
	Rue du Commerce 26	1998	> 1950	242	1	–
	Rue du Pont du Christ 46 / Rue Barbier 15	1998	> 1950	319	1	–
Wilrijk	Boomsesteenweg 666-672	2000	> 1980	5,205	4	–
TOTAL PROPERTY IN OPERATION BELGIUM				76,823	111	14

1) 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 2019.

2) Land on long lease.

Spain

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of rental units (residential)
Leon	Avenida Ordoño II 18	2001	< 1950	591	1	–
Madrid	Calle de Fuencarral 23	2006	< 1950	256	1	–
	Calle de Fuencarral 25	2006	< 1950	120	1	–
	Calle de Fuencarral 27	2018	< 1950	128	1	–
	Calle de Fuencarral 37	2016	< 1950	611	1	–
	Calle José Ortega y Gasset 15	2016	< 1950	396	1	–
	Calle Serrano 36	1999	< 1950	615	1	–
Málaga	Plaza de la Constitución 9	2010	< 1950	273	1	–
TOTAL PROPERTY IN OPERATION SPAIN				**2,990**	**8**	**–**
TOTAL PROPERTY				**204,792**	**443**	**252**

Shareholder information

ISIN code NL0000288918

Reuters VASN.AS

Bloomberg VASTN.NA

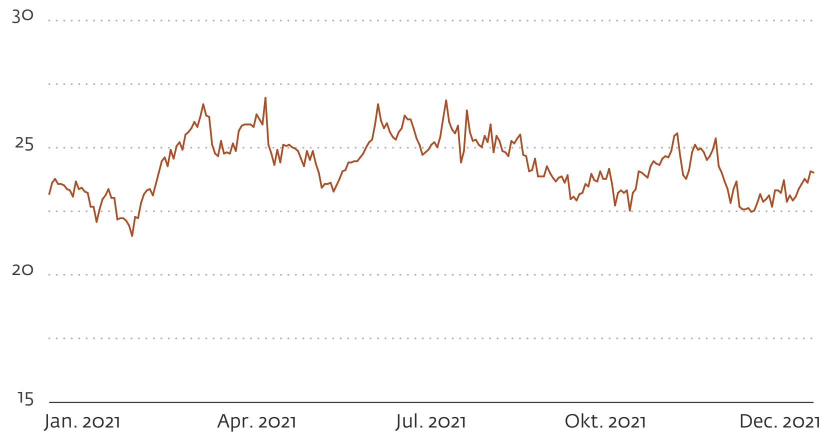
Shares in Vastned Retail N.V. (Vastned) have been listed on Euronext Amsterdam since 9 November 1987. Vastned has been part of the Amsterdam Small Cap Index (ASxC) since 18 September 2017.

The share's nominal value is € 5. The total number of shares in issue was 19,036,646 at year-end 2016. Due to the repurchasing of shares in 2017, 2018 and 2019, which are held as treasury shares, the total number of shares in issue was 17,151,976 at year-end 2021. No shares were issued in 2021.

At year-end 2021, Vastned's market capitalisation, being the number of shares in issue multiplied by the share price, was € 457 million. The average daily trading volume in 2021 was € 0.49 million, or approximately 20,000 shares. Vastned has engaged Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

The larger part of the trade in the Vastned share, being 65%, took place on Euronext Amsterdam. Other trading platforms with significant volumes: Aquis Exchange (4%), Equiduct (4%), Cboe BXE 7%, Cboe DXE 8%, Cboe BATS Europe 6%, TradEcho EU APA 3% and Turquoise 2%.

Movement Vastned share in 2021



Share price information	2021	2020	2019	2018	2017
Market capitalisation at year-end (€ millions)	412	397	458	560	786
Lowest closing price	21.50	13.94	25.00	30.25	32.98
Highest closing price	26.95	28.00	35.60	42.40	41.90
Closing price (year-end)	24.00	23.15	26.70	31.30	41.30
Average daily trading volume on Euronext (shares)	**20,000**	**57,000**	**27,000**	**34,000**	**47,000**

Key data per share

Direct result	1.93	1.85	2.03	2.22	2.22
Indirect result	(1.09)	(4.26)	(0.73)	0.04	2.89
Dividend	1.73[1)]	1.73	1.43	2.05	2.05
Net asset value	41.57	42.98	46.28	46.40	46.12

1) Subject to approval from the Annual General Meeting of shareholders on 15 April 2021.

Dividend

Following approval from the Annual General Meeting on 15 April 2021, Vastned on 6 May 2021 distributed a final dividend for 2020 of € 1.73 per share. Due to the uncertainty caused by COVID-19, it was decided not to distribute any interim dividend in 2020, therefore the total dividend for 2020 was equal to the € 1.73 final dividend per share.

Vastned proposes to the Annual General Meeting of shareholders to declare a total dividend of € 1.73 per share for the full calendar year 2021, which is equal to the total dividend paid over 2020. This equates to 89.6% 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.

Shareholder return

Vastned's 2021 opening price was € 23.15[1]. Over the year, the share closing price ranged between € 21.50 and € 26.95, and closed the year at € 24.00. Vastned distributed a final dividend of € 1.73 per share for 2020 and an interim dividend of € 0.53 for 2021, taking the total shareholder return (price movement and dividend payment) for 2021 to 13.2% positive, from 9.4% negative in 2020.

Share ownership

In compliance with the Financial Supervision Act and the Act on the Disclosure of Major Holdings in Listed Companies (WMZ), the following parties are known to Vastned as shareholders holding an interest of 3% or more of the shares in issue at year-end 2020:

	Interest	Year end 2021
Van Herk Investments B.V.	24.98%	
Lebaras Belgium BVBA	5.10%	
BlackRock Inc.	4.98%	
Tikehau Capital Advisors SAS	3.05%	
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%	

There have been no transactions with major shareholders, being parties holding an interest of over 10%.

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

1) Closing price of 31 December 2020

Number of shares at year-end 2021

Reinier Walta (Executive Board)	5,075
Marc C. van Gelder (chairman Supervisory Board)	8,000
Jaap G. Blokhuis (member Supervisory Board)	1,000

Treasury shares

In 2018 and 2019, Vastned completed a share buyback programme. The repurchased shares are being held as treasury shares. In 2020 and 2021, Vastned did not buy back any of its own shares, so the number of repurchased shares at year-end 2021 remained unchanged from year-end 2019, i.e., 1,884,670 shares.

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, the Vastned website and its LinkedIn page. On the date of publication of the half-yearly and annual figures, Vastned publishes its presentation on its website, where visitors can also watch a live webcast of the presentation.

Furthermore, the Executive Board and/or the Investor Relations Manager have frequent contacts with current and potential shareholders and other market parties. Such contacts usually take place during (virtual) roadshows, in broker conferences, during property viewings, in video meetings and in telephone calls. These contacts take place with (large) groups of current and potential shareholders, or bilaterally. Vastned has drawn up a 'policy on bilateral contacts with shareholders', which has been published on the website.

Vastned regularly asks different analysts and investors for their opinion of Vastned's performance in an anonymous survey conducted by an external party. The report based on the survey is immediately shared and discussed in full with the Supervisory Board.

Price-sensitive information

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

Closed periods

In the 30-day period preceding the publication of the annual results and interim results, Vastned observes a 'closed' period. There are no closed periods ahead of the publication of the first and third quarter trading updates.

Vastned in principle does not hold discussions or conversations with current or potential shareholders or other market parties during closed periods. The Executive Board may deviate from this if it is in the interests of the Company.

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 plans for the year ahead. The annual report is also an important medium to further explain the company's value creation and strategy.

In 2021, Vastned's 2020 annual report won the company a 'Gold Award' from the European Public Real Estate Association (EPRA). It was the eleventh time that Vastned had received a Gold Award for its annual report. 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.

In addition, Vastned has set itself the objective of creating long-term value for its stakeholders, and in light of this Vastned believes it is important to report transparently on both financial and non-financial results. On the year 2020, Vastned reported in accordance with EPRA's Sustainability Best Practice Recommendations' (sBPR). In 2021, Vastned received its sixth consecutive Gold Award from EPRA as the highest recognition in this area.

Sell-side analysts

Vastned's developments are followed by six parties, who regularly publish reports on the company. Analysts' reports and valuations sent to Vastned prior to publication are not checked, commented on or corrected, other than for factual inaccuracies. Nor does Vastned pay any fees to parties for preparing analysts' reports.

Contact information

For further information on Vastned and/or the Vastned share, please contact the Investor Relations Manager on +31 20 2424300.

Financial calendar 2022

10 February 2022	before trading	Publication Annual Results 2021
4 March 2022	before trading	Publication Annual Report 2021
14 April 2022		Annual General Meeting of shareholders
4 May 2022	before trading	Q1 Trading Update 2022
28 July 2022	before trading	Half-Year Results 2022
26 October 2022	before trading	9M Trading Update 2022

GRI Content Index Vastned – Core

GRI SRS	Disclosure	Reference Annual Report 2021
GRI 102: General Disclosures 2016		
1. Organisational profile		
102-1	Name of the organisation	• Profile (pg 7)
102-2	Main brands, products and/or services	• Profile (pg 7)
102-3	Location of headquarters of the organisation	• Efficient organisation (pg 16)
102-4	Number of countries where the organisation has operations	• Profile (pg 7) • Lease expirations (pg 31)
102-5	Ownership and legal form	• Profile (pg 7)
102-6	Markets served	• Profile (pg 7) • Lease expirations (pg 31) • Stakeholders (pg 20-21)
102-7	Scale of the reporting organisation	• Key figures 2017-2021 (pg 8) • Employees (pg 49) • Key figures 2021 (pg 26)
102-8	Staff composition	• Employees (pg 47-50)
102-9	Description of the organisation's supply chain	• Value reation model (pg 18) • Financiers (pg 21)
102-10	Significant changes to the organisation and its supply chain	• Acquisitions & Divestments (pg 33) • Highlights 2021 (pg 9)
102-11	Explanation on the application of the precautionary principle by the reporting organisation	• Risk management (pg 78-79)
102-12	Externally developed economic, environmental and social charters, principles that are endorsed by the organisation	• Principles (pg 56) • Sustainable development goals (pg 58-59) • Reporting (pg 60-63)
102-13	Memberships of associations (such as trade associations) and national and international interest groups	• EPRA best practice measures (pg 61)
2. Strategy		
102-14	Statement from senior decision-maker	• ESG (pg 5)
3. Ethics and integrity		
102-16	Description of the values, principles, standards, and norms of behaviour applied by the organisation, such as a code of conduct	• Principles (pg 56) • Sustainability framework (pg 57) • Regulations (pg 70) • Code of conduct and related regulations (pg 80)
4. Governance		
102-18	Governance structure of the organisation	• Composition of the Executive Committee (pg 75-76) • Composition and tasks of the Executive Board, Executive Committee and Supervisory Board (pg 68-69)
5. Stakeholder engagement		
102-40	List of stakeholder groups engaged by the organisation	• Stakeholders (pg 20-21)
102-41	Employees subject to a collective labour agreement	• Employees (pg 49-50)
102-42	Principles for identifying and selecting stakeholders	• Stakeholders (pg 20)
102-43	Approach to stakeholder engagement	• Stakeholder dialogue (pg 21)
102-44	Key topics and concerns raised	• Stakeholder dialogue (pg 21)

GRI SRS	Disclosure	Reference Annual Report 2021
GRI 102: General Disclosures 2016		
6. Reporting		
102-45	Entities included in the consolidated financial statements who are not included in the report	• Subsidiaries (pg 155)
102-46	Process and principles used for defining report content and topic boundaries	• Materiality matrix (pg 22)
		• Reporting (pg 60)
102-47	Material topics determined in the process to define the content of the report	• Materiality matrix (pg 22)
102-48	Consequences of and reasons for any restatements of information provided in an earlier report	• Preface (pg 5) • Strategy (pg 14-17)
102-49	Changes in reporting	• Materiality matrix (pg 22)
102-50	Reporting period	• External (pg 60)
102-51	Date of most recent previous report	• External (pg 60)
102-52	Reporting cycle	• External (pg 60)
102-53	Contact point for questions regarding the report or its contents	• Contact details and colophon (pg 217)
102-54	Claims of reporting in accordance with the GRI Standards	• Integrated reporting and global reporting initiative (pg 61)
102-55	GRI Content Index	• GRI content index (pg 209-211)
102-56	Policy on external assurance	• Verification of non-financial information (pg 61)

GRI SRS	Disclosure	Reference Annual Report 2021
Topic specific Standards		
Stable and predictable long-term results		
103	Management approach	• Optimised and concentrated portfolio (pg 15) • Materiality matrix (pg 22) • Vastned's objectives and results (pg 23) • Our approach to ESG (pg 56-57) • Stable and predictable results & Growth opportunities (pg 80-81) • Dividend policy (pg 88)
Own indicator	Direct result	• Vastned's objectives and results (pg 23)
Own indicator	Loan-to-value	• Vastned's objectives and results (pg 23)
Own indicator	Ratio of loans with fixed vs floating interest rate	• Vastned's objectives and results (pg 23)
Own indicator	Ratio of non-bank financing	• Vastned's objectives and results (pg 23)
Transparent and honest communication		
103	Management approach	• Stakeholders (pg 20-21) • Materiality matrix (pg 22) • Sustainability framework (pg 57) • Reporting (pg 60) • Tone at the top (pg 80)
Own indicator	Score on transparency benchmark and Tax transparency benchmark	• Vastned's objectives and results (pg 23)

GRI SRS	Disclosure	Reference Annual Report 2021
Topic specific Standards		
Ethical business operations		
103	Management approach	• Materiality matrix (pg 22) • Our approach to ESG (pg 56-59) • Contribution to society (pg 62) • Regulations (pg 70) • Code of conduct and related regulations (pg 80) • Risk areas (pg 80-85)
205-3	Reported incidents of corruption	• Vastned's objectives and results (pg 23)
Own indicator	Ratio of employees who confirm compliance with code of conduct	• Vastned's objectives and results (pg 23)
Open and inclusive culture		
103	Management approach	• Materiality matrix (pg 22) • Organisation (pg 48-49) • Sustainable development goals (pg 58-59) • Diversity and inclusion policy and objectives (pg 71) • Code of conduct and related regulations (pg 80) • Quality of employees and adivers (pg 81)
405-1	Diversity of governance bodies and employees	• Vastned's objectives and results (pg 23)
406-1	Incidents of discrimination and action taken	• Vastned's objectives and results (pg 23)

GRI SRS	Disclosure	Reference Annual Report 2021
Topic specific Standards		
Sustainable and efficient buildings		
103	Management approach	• Materiality matrix (pg 22) • Our approach to ESG (pg 56-67) • Sustainability performance measures (pg 185-189)
Own indicator	Growth of ratio of assets with an EPC	• Vastned's objectives and results (pg 23)
Own indicator	Raising the number of leases with a green and ethical clause in the biggest European cities	• Vastned's objectives and results (pg 23)
Own indicator	Ratio of renovations with attention for energy and water efficiency	• Vastned's objectives and results (pg 23)
305-1	Scope 1 emissions	• Vastned's objectives and results (pg 23) • Sustainability performance measures (pg 185-189)
305-2	Scope 2 emissions	• Vastned's objectives and results (pg 23) • Sustainability performance measures (pg 185-189)

Abbreviations

AFM	Authority for the Financial Markets
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	The Dutch corporate governance code
CPI	Consumer price index
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
REIT	Real Estate Investment Trust

Definitions

ATSR
The total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years.

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Cert-Tot (Type and number of sustainably certified assets)
Cert-Tot refers to the total number of assets within a portfolio that have formally obtained sustainability certification, rating or labelling at the end of a reporting year.

DH&C-Abs (Total district heating & cooling consumption)
DH&C-Abs refers to the total amount of indirect energy consumed from district heating or cooling systems over a full reporting year. In this instance ‘indirect’ means energy generated off site and typically bought from an external energy supplier.

DH&C-LfL (Like-for-like total district heating & cooling consumption)
DH&C-LfL refers to the district heating & cooling consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Direct result
Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

Elec-Abs (Total electricity consumption)
Elec-Abs refers to the total amount of electricity consumed. It includes electricity from renewable and non-renewable sources, whether imported and generated onsite.

Elec-LfL (Like-for-like total electricity consumption)
Elec-LfL refers to the electricity consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Embedded energy
Embedded energy is the sum of all the energy required to produce any goods or services, considered as if that energy was incorporated or 'embodied' in the product itself.

Energy-Int (Building energy intensity)
Energy-Int refers to the total amount of direct and indirect energy used by renewable and non-renewable sources in a building over a full reporting year, normalised by an appropriate denominator.

EPRA Earnings [1)]
Recurring earnings from core operational activities.

In practice this is reflected by the direct result.

EPRA NAV [1)]
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 property investment business model.

EPRA Net Disposal Value (NDV) [1)]
Reflects shareholder value in a divestment scenario, where deferred tax liabilities, financial instruments and certain other adjustments are calculated for the full amount of their liability, net of any resulting taxes.

EPRA Net Initial Yield (NIY) [1)]
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 NNNAV [1)]
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred tax liabilities.

EPRA 'topped-up' NIY [1)]
This yield is calculated by adjusting the EPRA NIY for the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate [1)]
Estimated Market Rental Value (ERV) of vacant spaces divided by ERV of the entire portfolio.

Estimated Market Rental Value (ERV)/ Market rent
The rental value estimated by external appraisers for which a particular property may be let at a given time by well-informed parties who are prepared to enter into a transaction, who are independent and who act prudently and free from duress.

FSC®-certified timber
FSC®-certified timber is harvested from forests that are responsibly managed. Responsibly means that ecological, economic and social issues of the present and the future are taken into account. FSC® stands for Forest Steward Ship Council.

Fuels-Abs (Total fuel consumption)
Fuels-Abs means the total amount of natural gas that was used over a full reporting year from direct (renewable and non-renewable) sources ('direct' means that the natural gas is burned on-site).

1) In the event of differences in the EPRA definitions as published by EPRA the English language version will prevail.

Fuels-LfL (Like-for-like total fuel consumption)
Fuels-LfL is the natural gas consumption of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Dir-Abs (Total direct greenhouse gas (GHG) emissions)
GHG-Dir-Abs refers to the total amount of direct greenhouse gas emissions ('direct' means that the GHG emissions are generated on-site by combustion of the energy source/natural gas) during a full reporting year.

GHG-Dir-LfL (Like-for-like total direct greenhouse gas (GHG) emissions)
GHG-LfL is the direct emissions of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Indir-Abs (Total indirect greenhouse gas (GHG) emissions)
GHG-Indir-Abs is the total amount of indirect greenhouse gas emissions ('indirect' means that the GHG emissions are generated off-site by combustion of the energy source/natural gas) during a full reporting year.

GHG-Indir-LfL (Like-for-like total indirect greenhouse gas (GHG) emissions)
GHG-LfL is the indirect emissions of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for-like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Int (Greenhouse gas (GHG) intensity from building energy consumption)
GHG-Int is the total amount of direct and indirect GHG emissions generated from energy consumption from renewable and non-renewable sources in a building during a full reporting year, normalised by an appropriate denominator.

Green Finance Framework
Vastned has developed its Green Finance Framework with the objective of (re)financing energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Under this Framework, Vastned can issue various green finance instruments. The Green Finance Framework can be found on the website: www.vastned.com/en/ investor-relations/green-finance-framework.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straightlining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straightlining of lease incentives.

Indirect result
Consists of the value movements and the net result on divestments of the property, the movements in deferred tax assets or deferred tax liabilities, the non-cash part of the interest of the convertible bond loan and the value movements of financial derivatives that do not qualify as effective hedges, less the portion of these items attributable to non-controlling interests.

Lease incentives
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Loan-to-value ratio
The interest-bearing debts divided by the value of the property (including assets held for sale).

Market value
The estimated amount for which a 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 Vastned shareholders' equity as evident from the consolidated financial statements of Vastned in accordance with IFRS.

Net initial yield (NIY)
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective asset.

Net rental income
Gross rental income net of ground rents paid, net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and local taxes.

Occupancy rate
100% less the vacancy rate.

OECD guidelines
The OESO guidelines are recommendations issued by 46 governments to multinational companies that are active in or operate from the relevant countries. They provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, the environment, information disclosure, competition, taxation, and science and technology.

RTSR (Relative Shareholder Return)
The total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years compared to the total shareholder return of the peer group of direct competitors.

Sustainable Development Goals (SDGs)
The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Straightlining
Spreading the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Tax Transparency Benchmark
An annual survey conducted by the Association of Investors for Sustainable Development (VBDO) into tax transparency among 77 Dutch listed companies.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straightlining of lease incentives, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straightlining of lease incentives, plus the market rent of any vacant properties applicable to the same period.

Transparency Benchmark
A biennial survey conducted by the Ministry of Economic Affairs and Climate into the transparency of CSR reporting among the approx. 500 biggest companies.

United Nations Global Compact
A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Vacancy rate
The annual market rent of unlet properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

Vastned's material topics

1. **Long-term stable and predictable results**
   Stable results that do not deviate much in the long term.
2. **Transparent and honest communication**
   Transparent and honest communication by reporting on both financial and non-financial information.
3. **Ethical and honest business operations**
   Provide employees on an ongoing basis with guidance that leads to ethical and honest conduct.
4. **Open and inclusive culture**
   A culture that works for everyone, regardless of age, gender, origin or religion.
5. **Sustainable and efficient buildings**
   Buildings whose energy and water efficiency have been optimised, taking account of the climate in the urban environment.

Waste-Abs (Total weight of waste by disposal route)

Waste-Abs refers to the total amount of waste produced and disposed of via various disposal routes, over a full reporting year.

Waste-LfL (Like-for-like total weight of waste by disposal route)

Waste-LfL is the total amount of waste from a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Water-Abs (Total water consumption)

Water-Abs refers to the total amount of water consumed within a portfolio over a full reporting year.

Water-Int (Building water intensity)

Water-Int refers to the total amount of water consumption within a building over a full reporting year, normalised by an appropriate denominator.

Water-LfL (Like-for-like total water consumption)

Water-LfL is the water consumption of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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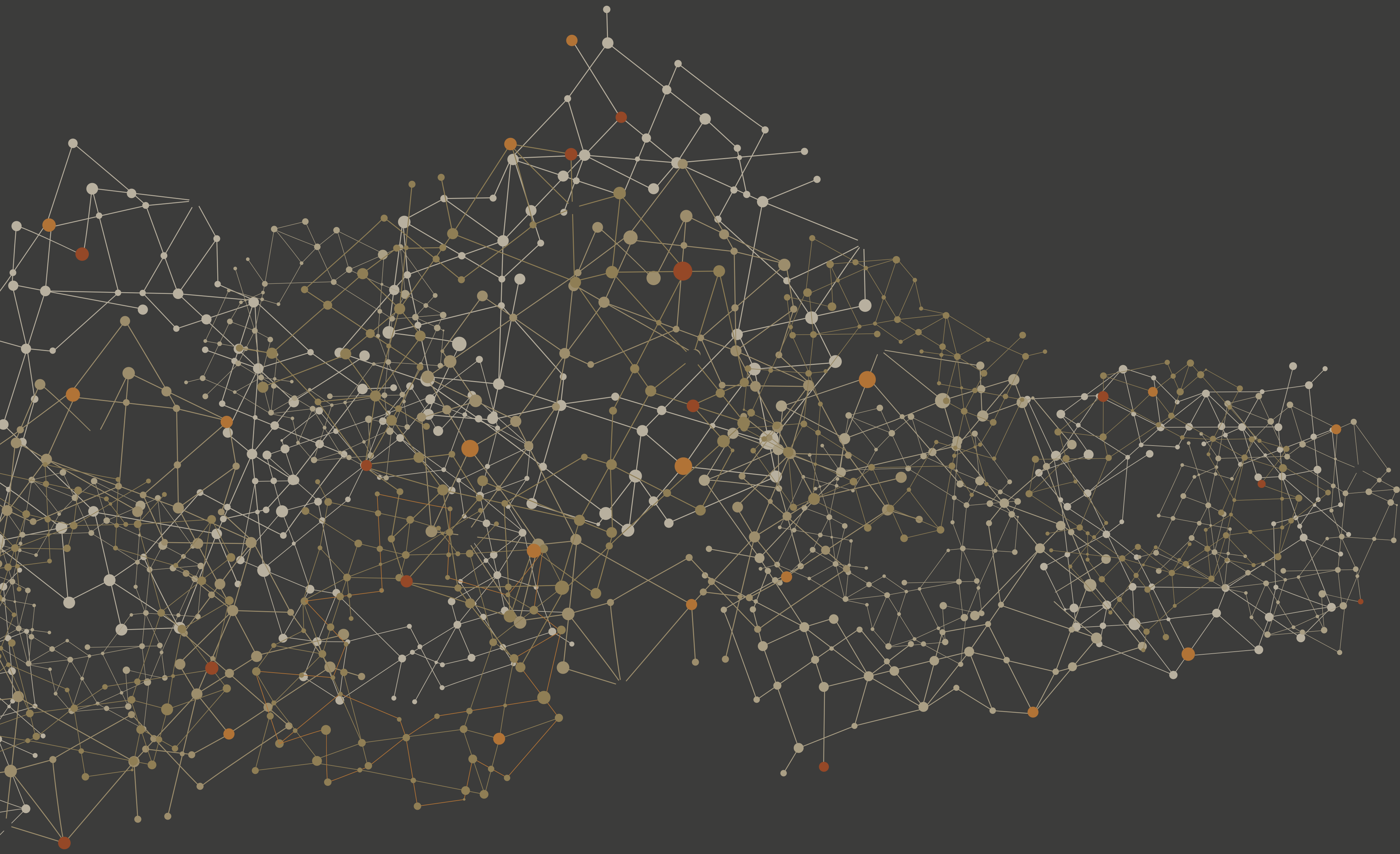

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