ANNUAL REPORT 2012

vastned
Venues for Premium Shopping

FINANCIAL KEY FIGURES

	2012	2011	2010	2009	2008
Results (x € 1 million)					
Gross rental income	133.5	132.5	126.6	130.6	132.0
Direct investment result	62.5	67.0	67.8	68.6	60.9
Indirect investment result	(103.5)	29.1	31.4	(130.0)	(112.0)
Investment result	**(41.0)**	**96.1**	**99.2**	**(61.4)**	**(51.1)**
Balance sheet (x € 1 million)					
Investment properties	1,981.0	2,129.0	1,995.5	1,861.4	2,014.8
Equity	1,022.0	1,105.7	1,074.9	1,035.1	1,094.4
Equity Vastned Retail shareholders	903.3	1,000.4	975.6	939.1	998.2
Long-term liabilities	749.4	835.7	686.9	673.6	690.5
Average number of shares in issue	18,876,591	18,574,595	18,409,519	17,028,420	16,399,050
Number of shares in issue (at year-end)	19,036,646	18,621,185	18,495,220	18,265,213	16,417,526
Per share (x € 1)					
Equity Vastned Retail shareholders at beginning of year (including dividend)	53.72	52.75	51.42	60.80	69.42
Final dividend previous financial year	(2.52)	(2.58)	(2.78)	(2.68)	(2.73)
Equity Vastned Retail shareholders at beginning of year (excluding dividend)	**51.20**	**50.17**	**48.64**	**58.12**	**66.69**
Direct investment result	3.31	3.61	3.68	4.03	3.71
Indirect investment result	(5.48)	1.56	1.71	(7.64)	(6.82)
Investment result	**(2.17)**	**5.17**	**5.39**	**(3.61)**	**(3.11)**
Other movements	(0.57)	(0.53)	(0.18)	(1.84)	(1.61)
Interim dividend	(1.01)	(1.09)	(1.10)	(1.25)	(1.17)
Equity Vastned Retail shareholders at year-end	**47.45**	**53.72**	**52.75**	**51.42**	**60.80**
Share price (at year-end)	32.75	34.60	51.98	45.835	36.00
Dividend in cash	2.55 [1)]	3.61	3.68	4.03	3.85
or in cash	–	1.09	2.43	2.35	2.02
and in shares charged to the share premium reserve	–	7,75%	2.56%	4.00%	5.56%
Solvency ratio (in %)	51.7	52.6	54.6	55.9	55.5
Loan-to-value (in %)	43.9	43.1	41.4	39.9	41.2

1 Subject to approval of the General Meeting of Shareholders.

KEY FIGURES PROPERTY PORTFOLIO
AT YEAR-END 2012

	Netherlands	France	Belgium	Spain	Turkey	Portugal	Total
Number of tenants[1]	659	253	226	405	9	13	1,565
Theoretical annual rental income (x € 1 million)[2]	51,2	30.1	22.5	31.8	5.0	1.1	141.6
Market rent (x € 1 million)[2]	51.3	30.9	22.5	29.2	5.1	0.9	139.9
(Over)/underrent (in %)	0.1	2.6	0.1	(8.9)	3.4	(21.7)	(1.2)
Average occupancy rate (in %)	96.6	94.8	97.5	90.5	100.0	100.0	95.1
Occupancy rate at year-end (in %)	97.0	94.4	97.1	90.1	100.0	100.0	95.0
Number of properties (including pipeline)	266	124	90	15	9	9	513
Investment property including pipeline (x € 1 million)	720	472	331	319	127	12	1,981
Investment property including pipeline (in %)	36	24	17	16	6	1	100
Average size per property including pipeline (x € 1 million)	2.7	3.8	3.7	21.2	14.1	1.4	3.9
Lettable floor area including pipeline (x 1.000 sqm)	244	104	151	141	13	3	656
Gross yield (in %)	7.1	6.4	6.8	10.0	6.2	8.8	7.3
Net yield (in %)	6.3	6.0	6.2	9.3	5.7	8.4	6.6
Sector spread including pipeline (in %)							
High street shops	57	65	56	14	100	100	55
Shopping centres	37	27	3	73	–	–	32
Retail warehouses	5	5	41	13	–	–	12
Other	1	3	–	–	–	–	1
Average rent per sqm (x € 1)							
High street shops	259	372	337	1,050	636	315	323
Shopping centres	213	263	98	249	–	–	232
Retail warehouses	90	104	96	119	–	–	100
Regional spread (in %)							
Super cities	13	47	13	64	100	47	33
Large cities	29	12	33	35	–	30	26
Medium-sized cities	22	15	17	–	–	5	15
Small cities	36	26	37	1	–	18	26
Occupancy rate at year-end (in %)							
High street shops	96.3	97.6	97.7	100.0	100.0	100.0	97.4
Shopping centres	97.9	91.1	91.2	91.5	–	–	93.8
Retail warehouses	99.4	100.0	96.9	77.6	–	–	93.2
Other	83.7	41.5	–	–	–	–	59.7

1 Excluding apartments and parking spaces.
2 Including other income (lease of public spaces of shopping centres).

This is the English 2012 annual report. The Dutch version is available on our website only in PDF-format. In case of inconsistencies, the Dutch version shall prevail.

PROFILE

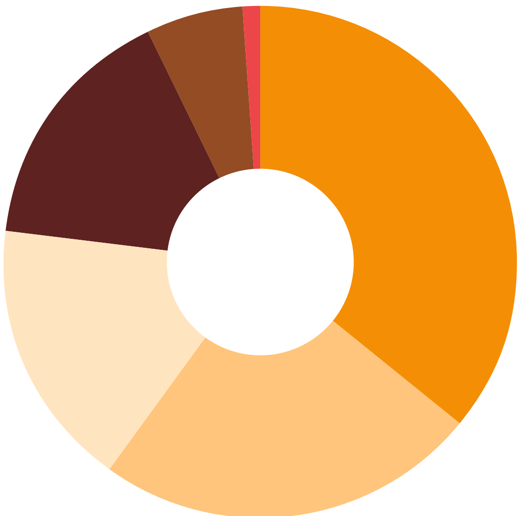
Vastned is a listed European retail property fund with a focus on 'Venues for Premium Shopping'. Vastned is listed on the NYSE Euronext Amsterdam (AMX) and at the end of 2012 had a market value of approximately € 623 million.

Vastned invests in real estate in the following countries: the Netherlands, France, Belgium, Spain, Portugal and in Istanbul, Turkey. The focus is on the so-called 'high street shops'. These are the best possible retail properties on the most popular high streets of historical city centres that together offer a unique shopping experience through authenticity and drawing power. In addition, Vastned owns attractive shopping centres and retail warehouses. Vastned's tenants are especially strong, leading national and international retail brand names. The size of the property portfolio is approximately € 2.0 billion.

Vastned's strategy focuses on quality, stability and predictability. It wants to offer shareholders a stable and predictable dividend. As part of its strategy, Vastned pursues a conservative financing policy in which it aims for a loan-to-value ratio of 40%–45%. Vastned employs a total of 78 FTEs at year-end 2012.

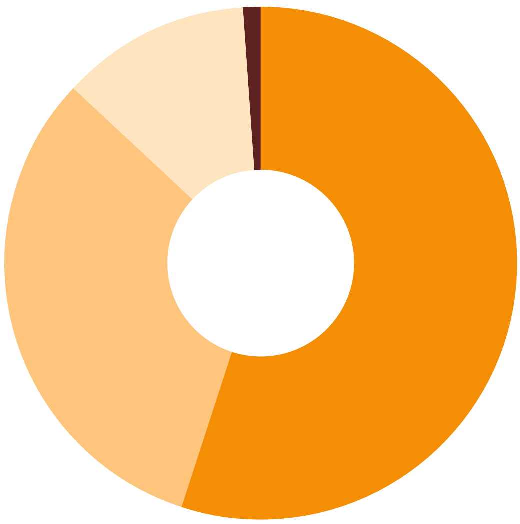
GEOGRAPHICAL SPREAD
TOTAL PROPERTY PORTFOLIO (in %)
AT YEAR-END 2012

- Netherlands 36
- France 24
- Belgium 17
- Spain 16
- Turkey 6
- Portugal 1



SECTOR SPREAD
TOTAL PROPERTY PORTFOLIO (in %)
AT YEAR-END 2012

- High street shops 55
- Shopping centres 32
- Retail warehouses 12
- Other 1



MESSAGE FROM THE CEO

Dear Vastned investors, tenants, employees and other business relations,

2012 was a year with continuous political and economic turbulence in Europe. This has had its impact on retailers and shareholders as well.

2012 also was the first full year following Vastned's rollout of its renewed high street strategy. We had intensive contact with our customers and noticed that it is precisely under these current market conditions that retailers want to be located in the best locations. That is where they have an opportunity to be successful. Independent research among 1,500 Dutch consumers conducted on our behalf in the summer shows that a majority of Dutch citizens prefer to shop in historic city centres.

This confirms our strategy with the focus on high street shops. The strategy is designed to produce increased quality, stability and predictability and we have been steadfast in rolling it out with confidence during the past year. The focus of the strategy on the one hand is on substantially increasing the share of high street shops and on the other hand increasingly putting the tenant at the centre of our actions.

PROPERTY PORTFOLIO

Our aim is to increase the share of high street shops in our property portfolio to 65% through acquisitions and divestments, for example. Last year we took significant steps in this direction and the share of high street shops rose from 49% to 55%. The purchase of attractive high street locations is an intensive step-by-step process, however. Our pace is determined by a critical weighing of the investments and their returns against the economic reality. Acquiring high street property is a question of patiently stringing beads.

Last year we managed to acquire a number of attractive high street shops for an amount of almost € 90 million. Examples include: the purchase of several high street shops in the so-called 'Golden Triangle' in Bordeaux, a beautiful property in Rue de Rivoli in Paris, a great purchase in The Hague that is let to the successful H&M, and the purchase of a building in one of Istanbul's most popular shopping streets.

In addition to acquisitions, we want to further increase the quality of the property portfolio by selling certain properties that are not consistent with our strategy anymore. This is why we designated € 90 million in investment properties for disposal in 2011. We have sold properties valued at a total of € 145 million this past year. We have therefore amply exceeded our target.

Vastned has also attracted various new tenants in 2012, including the Spanish fashion giant Desigual in Namur, Belgium, H&M and Turkcell on Istiklal Caddesi, the busiest shopping street in Istanbul, and the fast-growing fashion chain Redskins for our property on Rue Montmartre in Paris. In the Netherlands, Vastned signed a contract with various parties, including with the Massimo Dutti fashion chain in Maastricht. Leases signed with Armani Jeans and Rituals on Leysstraat in Antwerp enabled us to finish the year on a high note.

ORGANISATION

Crucial to the implementation of our strategy is the quality of the organisation and our customer approach. Cross-border account management, in which the various country teams share their knowledge and experience resulting from their regular contacts with retailers, has since become a fixed agenda item. This includes the ability to anticipate certain trends and helping retailers find suitable central retail locations. Furthermore, the Vastned-team has been strengthened with the arrival of Thierry Fourez as the country manager for France. His experience as a retail and real estate specialist gained with leading brands such as Starbucks and McDonald's is an excellent fit with our objective of still better understanding the needs of retailers and collaborating even more closely with our tenants. In addition, Anneke Hoijtink took up her position as Manager Investor Relations and member of the management team, and Arnaud du Pont was appointed Managing Director Investments & Operations. This will further focus international coordination in the area of acquisitions and disposals, and account management. Earlier this year we strengthened our management team already with the arrival of Marc Magrijn as General Counsel/Tax Manager.

FINANCING

The renewed direction also includes further optimisation of the conservative financing strategy by diversifying our sources of financing. At the beginning of the year, in line with the strategy, we concluded a second US private placement in the amount of € 50 million. This means that 14% of the loan portfolio is now financed by alternative sources. In addition, we acquired a bank loan in the amount of € 31 million from BNP Paribas and at 43.9% we have managed to limit the loan-to-value ratio.

Further to an evaluation of our dividend policy we have decided to propose an amended dividend policy to the General Meeting of Shareholders of 19 April 2013 that calls for a minimum of 75% of the direct investment result per share to be paid as dividend and the optional stock dividend principle will be dropped. The new dividend policy is entirely in line with Vastned's strategy, focused on quality, stability and predictability.

We believe that with the above-referenced actions we have made a good start with the rollout of the renewed strategy in 2012. This gives us the confidence to achieve the ambitions we have set for ourselves, but we also realise that there is still a great deal of work ahead of us and that we operate in a very difficult economic climate, especially in Spain.

From the numerous contacts we maintain with our retailers and investors we surmise that our strategic direction is being recognised and appreciated. We consider ourselves particularly well-supported in our approach and its rollout. I would like to take this opportunity to thank all of you for the fact that you are so committed to our fund. 2013 will no doubt have economic tensions and other challenges in store for us as well, however, the organisation is ready to tackle these challenges. I perceive that as a wonderful task. Our fund, our organisation, our property portfolio and our strategy are focused on quality, stability and predictability. A powerful combination.

Kind regards,
Taco de Groot, CEO

ABOUT VASTNED

VISION, MISSION, STRATEGY AND OBJECTIVES

VISION

Consumers and retailers are looking for an exceptional shopping experience and are drawn to certain locations, with the most popular high streets in large offering a unique combination in terms of authenticity and drawing power. This improves and increases the range of shops, the number of visitors and consumer spending at these locations. For the retailer this results in higher revenues and profits and ultimately, as a result, in attractive rental income for the property investor. Furthermore, the expectation is that the property in high streets consequently is less sensitive to fluctuations in value than properties in secondary or tertiary locations. This means that investing in high street shops is less risky, more stable and more predictable. The retailers' success and the competitive strength of the location are therefore of major importance to the long-term success of the retail-property investor.

E-commerce has taken off in recent years. For many retailers e-commerce nowadays is an integral part of their business operations. In our view this is essential for a retailer to be and remain successful. Due to the emergence of e-commerce, retailers have become more critical of the locations let by them. The shops are their display sign and retailers must provide a unique experience in their shops so that consumers continue to visit them. 'Click & Collect' is a concept that is increasingly gaining in popularity. Under this concept people shop online, but pick up their purchase physically in the shop. This means that the shop remains essential for the retailer, but in a different way.

MISSION

Vastned offers '*Venues for Premium Shopping*'. Institutional and private investors have the opportunity to invest in a fund whose key focus is on premium retail property with emphasis on locations on the most popular high streets. The long term focus on high quality enables Vastned to generate a stable and predictable cash flow which in turn contributes to the realisation of solid and sustainable value trends.

STRATEGY

Vastned's strategy is focused on quality, stability and predictability. To realise this strategy, Vastned has formulated a number of core principles.

Vastned aims to realise its ambition by focusing on the following property investments and by using the following investment methodology:

- focus on high street shops at 'premium venues' in large cities and to a lesser extent on shopping centres and retail warehouses;
- focus on five core countries: the Netherlands, France, Belgium, Spain and Turkey.
- create a business structure and a business culture that is strongly oriented towards tenants;
- aim for sufficient critical mass in the core countries, so that local management is able to attract and retain high-quality staff; and
- use a conservative financing structure.

Focus on high street shops

Vastned pursues an active acquisition and divestment policy designed to continuously improve and safeguard the quality of the property portfolio. The focus of the acquisition and divestment policy is on increasing the share of high street shops to 65% of the total property portfolio with a desired size of the Turkish property portfolio of approximately 10% of the total property portfolio. Vastned is focused on five core countries and in these countries on a carefully selected number of large cities and high streets. This focus enables Vastned to offer tenants as well as shareholders '*Venues for Premium Shopping*'.

New investment opportunities are constantly being assessed. Acquisitions are only made if market conditions are favourable, the risk-return profile is balanced and the capital ratios allow the acquisitions in question. A review is carried out at least once every year to identify whether the properties in the property portfolio still satisfy the desired risk-return profile. This can lead to divestment in some cases.

In September 2011, Vastned announced that it intended to dispose of € 90 million in properties as a means of increasing the quality of its portfolio. Vastned amply achieved this goal before the end of 2012 with disposals amounting to € 145.5 million. Vastned will continue to dispose of properties that do not fit within the property portfolio as a means of financing the acquisition of high street shops and redeeming loans.

Improved tenant relations

Strengthening tenant relations is one of the spearheads of Vastned's strategy. Vastned attaches a great deal of importance to having good tenant relations and consequently devotes a great deal of attention to account management. This enables Vastned to better anticipate the desires and needs of tenants and to be aware of trends in the retail market much sooner. As a result Vastned can respond proactively to these trends. On the one hand this improves the service provided to the tenant and on the other hand it improves shareholder return.

Close collaboration within and among teams in the various countries in which Vastned operates is essential in this respect. Collaboration is the only way in which ideas can be exchanged and optimal use is made of the knowledge and experience gained. This enables Vastned to assist retailers with their national and international expansion.

Local management-based organisation

Vastned actively manages its property portfolio with its own fully-fledged local management. Vastned Management in Rotterdam, Vastned Management France in Paris, Intervest Retail in Antwerp, Vastned Management España in Madrid and Vastned Emlak Yatirim ve İnşaat Ticaret in Istanbul manage the investments of Vastned.

Keeping the management of properties in-house is the best way of ensuring optimum letting to creditworthy tenants and proper care for the state in which the properties are kept. By carrying out as many of the commercial and administrative management tasks as possible in-house, the company stays into direct contact with the tenants and the property market, enabling it to respond effectively to market developments and to manage operating expenses in a responsible way. Technical management is largely subcontracted to local specialists.

The property markets in the different countries are subject to the legislation and regulations applicable in the countries in question. Local networks together with specialist knowledge of the local culture give the company the edge in the commercial operation of the properties. Where possible, Vastned therefore conducts these activities locally. The knowledge and experience gained in this respect is mutually shared so that it can be optimally used in managing the entire property portfolio.

Optimisation of fiscal structure

An attractive tax climate is an important factor in determining Vastned's investment selection. This is why Vastned devotes continuous attention to optimising its fiscal position.

Vastned qualifies as a fiscal investment institution as referred to in Section 28 of the Dutch 1969 Corporate Income Tax Act. This means that no corporate income tax is due in the Netherlands. In Belgium almost all investments have been incorporated in the property Bevak (Belgian REIT) Intervest Retail, which is also virtually exempt from income tax. The French property investments are also exempt from income tax under the SIIC regime applying in that country. In terms of the Spanish property investments, Vastned in 2012 once again investigated the option of applying the Spanish REIT regime ('SOCIMI regime) and concluded that it is attractive to Vastned to opt for this regime. In 2012, Vastned consequently opted for the Spanish tax authorities for the application of the SOCIMI regime with retroactive effect to 1 January 2012. The main advantage is that a special reduced rate of 19% is applicable instead of the standard rate of 30%.The investment properties in Turkey and Portugal are subject to standard taxation.

Conservative financing policy

Equity

Particularly in periods when the Vastned share trades at a premium on the stock exchange compared to actual or forecasted net asset value, it may be attractive to issue new shares. In principle, new shares will only be issued if there are good investment opportunities in the foreseeable future. The decision to issue or repurchase company shares is taken by the Board of Management, taking into account the limits and conditions to be set by the Supervisory Board.

Debt

The basic rule is that financing of the property portfolio is kept to about 40% to 45% of the market value of the property portfolio at the most. A temporary deviation from this range is possible if interesting acquisition or divestment opportunities arise, and provided the ratio between interest rates and the yield on the properties is acceptable. Vastned operates within the financing limits that apply to the loans it has taken out and to the fiscal investment institutions as meant in Section 28 of the 1969 Corporate Income Tax Act.

The conservative financing strategy will be further optimised by diversifying the financing. Aside from the current bank financing, Vastned intends to allow the alternative financing share (such as private placements convertibles and inflation-linked bonds) to increase to approximately 25% of the loan portfolio (year-end 2012: 14%). Furthermore, the aim will be to achieve a spread in bank lenders, whereby an individual lender shall not account for more than 25% of the total loan portfolio. The basic position is that the long-term loan portfolio should have a weighted average term of at least three years.

Furthermore, a balance between short-term and long-term fixed interest financing periods is important. The basic position is that two thirds of the loans portfolio should have fixed interest rates. To this end, interest-rate derivatives are used where appropriate. To limit interest-rate risks, efforts are made to achieve a weighted average interest-rate term of at least three years for the fixed interest-rate portion of the portfolio.

Risk management

Vastned pursues an active policy of identifying the risks associated with investing in property and taking appropriate action where necessary. In doing so, it distinguishes between strategic risks, operational risks, financial risks, financial reporting risks and compliance risks. A more detailed description of Vastned's risk management can be found on page 103 in this annual report.

Currency policy

Vastned attempts to avoid currency risks by investing primarily in the euro zone. When currency risks occur, their scope is limited by carefully matching the currencies of assets and liabilities on the one hand and income and expenditure on the other. Please refer to the section on risk management on page 103 in this annual report for this purpose.

Corporate social responsibility

Corporate social responsibility (CSR) is an important area of focus. This subject was also part of Vastned's agenda this past year. Vastned actively implements its policy on CSR practices in its property portfolio, where possible. This is further clarified on page 91 in this annual report.

Dividend policy

Vastned announced a new dividend policy on 2 November 2012. The previous dividend policy was aimed at virtually fully paying out the direct investment result to shareholders.

The basic principle underlying the proposed dividend policy is to pay-out a dividend to shareholders on the basis of a stable development of the direct investment result with a minimum dividend payment of 75% of the direct investment result with the aim of allowing this dividend to rise each year. Stock dividend will only be offered when the share price is at an attractive level. This counteracts dilution of the share. This proposal will be submitted to the upcoming General Meeting of Shareholders (AGM) of 19 April 2013 for adoption. The fiscal result as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions.

The dividend is placed at the shareholders' disposal in the form of an interim dividend equal to 60% of the direct investment result for the first six months of the financial year plus a final dividend after the financial year has closed.

OBJECTIVES

		STATUS YEAR-END 2012
Improve quality property portfolio	– 65% of the total property portfolio consists of high street shops	55%
	– Growth of the Turkish property portfolio to 10% of the total property portfolio.	6%
	– Divestment of € 90 million non-core properties	€ 145 million
Business structure and culture	– Strengthening the quality of the organization – International account management – More pro-active and hands-on management	Important steps have been taken by among others hiring of new employees and intensified cooperation within and between country teams.
Conservative financing policy	– Loan-to-value ratio approx. 40%–45%	43.9%
	– Minimum 25% non-bank financing	14.4%

BOARD OF MANAGEMENT AND OTHER MANAGEMENT TEAM MEMBERS

Taco T.J. de Groot MRE MRICS (20 February 1963)
Chief Executive Officer
Nationality: Dutch
Position: Managing Director, CEO
Joined the company: 1 September 2010
Appointment to present position: 1 September 2011
Number of Vastned shares: 33,975

Other positions
From 2012: Supervisor Dutch Society for the Protection of Animals, The Hague
From 2010: Supervisory Board member at Cortona Holdings B.V., Amsterdam
From 2009: Non-executive member of MSeven LLP Real Estate and Fund management, London
From 2005: Chairman Holland Real Estate Business Club, Amsterdam
From 2003–end 2012: Member of the Supervisory Board of Habion, Houten.
Previous positions
2009–2010: Partner fund manager MSeven Real Estate and Fund Management, London
2004–2009: Founder and CIO of GPT Halverton LLP, London
1997–2004: Chief Executive Officer Cortona Holdings B.V., Amsterdam
1990–1997: Letting and Investment Property Agent with DTZ Zadelhoff, Utrecht
Education
Dutch Law, Utrecht University, and Real Estate Economics, University of Amsterdam.

Tom M. de Witte (7 September 1966)
Chief Financial Officer
Nationality: Dutch
Position: Managing Director, CFO
Joined the company: 16 June 2003
Number of Vastned shares: 3,437

Previous positions:
2003–2011: CFO VastNed Offices/Industrial, Rotterdam
2002–2003: Director Audit at Deloitte, Rotterdam
1991–2002: Auditor at Arthur Andersen, Rotterdam
Education:
Business Economics, Dutch Law and Accountancy (RA), Erasmus University Rotterdam.

Arnaud G.H. du Pont (25 May 1966)
Nationality: Dutch
Position: Managing Director Investments & Operations
Joined the company: 1 January 2000
Number of Vastned shares: 1,000

Previous positions
1997–1999: Tax Consultant with PwC, Rotterdam
1995–1997: Tax Consultant with BDO, Rotterdam
Education
Tax law, Erasmus University Rotterdam

Marc C. Magrijn LLM (23 January 1980)
Nationality: Dutch
Position: General Counsel/Tax Manager
Joined the company: 1 January 2012
Number of Vastned shares: none

Previous positions
2009–2011: Tax Consultant with Ernst & Young, The Hague
2005–2009: Tax Consultant with Deloitte, Rotterdam
Education
Tax law, Erasmus University Rotterdam

Anneke M. Hoijtink (2 January 1980)
Nationality: Dutch
Position: Manager Investor Relations
Joined the company: 1 November 2012
Number of Vastned shares: none

Other positions
2012–present: member of the board of the Dutch Association for Investor Relations
Previous positions
2009–2012: Manager Investor Relations BinckBank, Amsterdam
2008–2009: Investor Relations Officer Achmea, Zeist
2006–2008: Trainee Analyst Financial Markets ICC, Utrecht
Education
International Economics and Finance, Tilburg University and International Business and Management Studies, Arnhem Business School

SHAREHOLDERS INFORMATION

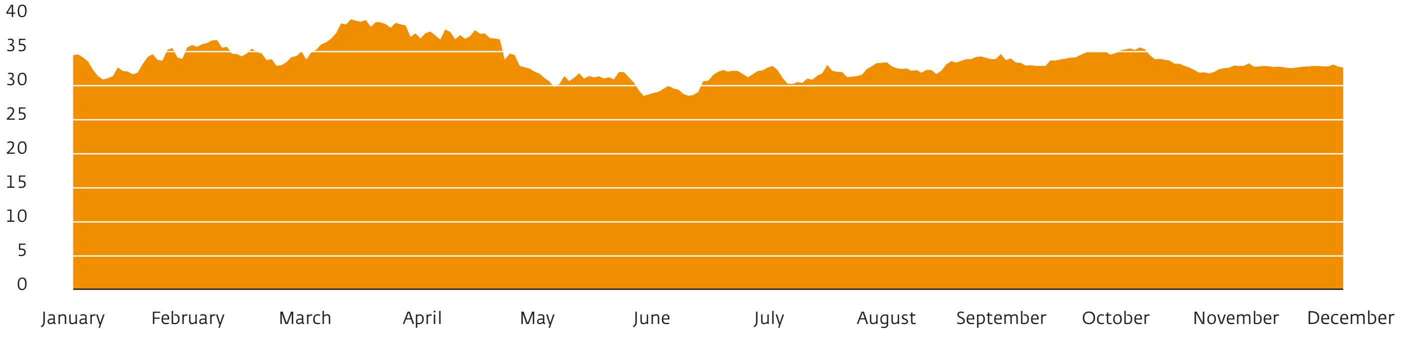
ISIN code	NL0000288918
Reuters	VASN.AS
Bloomberg	VASTN.NA

The Vastned Retail N.V. (Vastned) shares have been listed on NYSE Euronext Amsterdam since 9 November 1987 and have been included in the Amsterdam AMX index (Amsterdam Midkap Index) since 3 March 2008. The average daily turnover in 2012 amounted to € 1.8 million or 54,427 shares. Vastned uses Kempen & Co, which acted as paid liquidity provider, to ensure the shares remain continuously liquid.

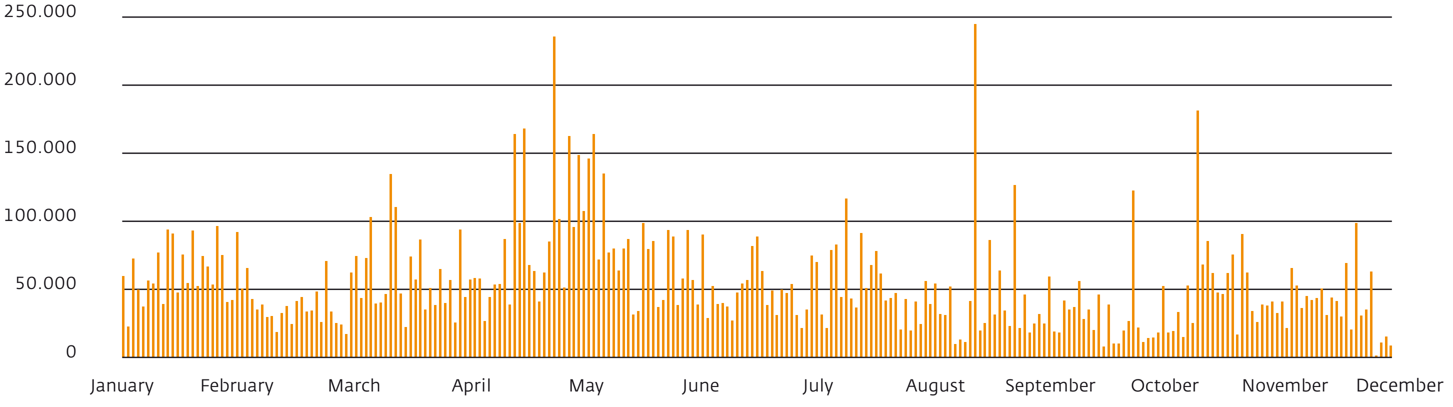
KEY FIGURES PER VASTNED SHARE
(x € 1)

	2012	2011	2010	2009	2008
Direct investment result	3.31	3.61	3.68	4.03	3.71
Indirect investment result	(5.48)	1.56	1.71	(7.64)	(6.82)
Dividend	2.55 [1)]	3.61	3.68	4.03	3.85
Net asset value	47.45	53.72	52.75	57.42	60.80
Closing share price Vastned	32.75	34.60	51.98	45.835	36.00
Market capitalisation at year-end (x € 1 million)	623	644	961	837	591

Movement in the vastned share price in 2012 (x € 1)



Volume Vastned Share Price (in numbers)



1 Subject to approval of the Annual General Meeting of Shareholders.

TOTAL SHAREHOLDER RETURN VASTNED SHARE

During the year Vastned distributed a final dividend of € 2.52 for 2011 and an interim dividend of € 1.01 for 2012. The Vastned share closed at € 32.75 on 31 December 2012. The total shareholder return (movement in share price and dividend payment) in 2012 was 11.7% positive (2011: 26.4% negative).

DIVIDEND

In accordance with its dividend policy, on 16 May 2012 Vastned paid out a final dividend for 2011 of € 2.52 in the form of an optional stock dividend. The stock dividend was 1 new share for every 12.9 shares held. In total 29% of the outstanding share capital opted for stock dividend. 415,461 new shares charged to the premium reserve were issued for this purpose. Due to the choice for stock dividend € 13.5 million was not paid out.

As announced on 2 November 2012, Vastned has announced a new dividend policy. In the report of the Board of Management on page 86 a more detailed description is given.

NUMBER OF SHARES

The total number of shares in issue at year-end 2012 was 19,036,646 with a nominal value of € 5 each. No new shares were issued in 2012, other than those issued as stock dividend, nor were there any share buy-back programmes.

SHAREHOLDERS

The following may be designated as controlling shareholders (> 5% according to the register of the Netherlands Authority for the Financial Markets (AFM)):

– Commonwealth Bank of Australia:	5.79%
– Société Fédérale de Participations et d'Investissement (SFPI):	5.26%
– APG, Stichting Pensioenfonds ABP:	5.15%

Mr. De Groot (CEO) and Mr. De Witte (CFO) owned 33,975 and 3,437 Vastned shares respectively as at year-end 2012. Mr. De Groot increased his interest during 2012 with the purchase of 14,600 shares on its own account. Mr. de Witte bought 980 shares on its own account during 2012. The members of the Supervisory Board do not hold any Vastned shares and as such comply with the independence criteria specified in best practice provision III.2.1 of the Dutch Corporate Governance Code.

INVESTOR RELATIONS

Disclosure

Vastned attaches a great deal of importance to informing all of its stakeholders simultaneously and on a timely basis, and in a clear and unambiguous way, of the company's developments. Vastned primarily accomplishes this by issuing press releases, semi-annual and annual reports, trading updates, participation in investor road shows and conferences, and by making information available on Vastned's website. The Board of Management informs all shareholders and other parties in the financial market in an equal manner. Comments on the semi-annual and annual figures as well as the presentations to analysts can be followed simultaneously by all interested parties through a webcast. The presentations are announced on the website and are placed on the website. The CEO, CFO and the Manager Investor Relations are actively involved in this. Other Vastned employees are also involved in specific events such as property tours.

Vastned aims to engage in an active and constructive dialogue with actual and potential shareholders. In that regard, it has regular bilateral contacts with institutional investors and major private investors, in which Vastned only provides information that is already known in the market.

Price-sensitive information

Price-sensitive information is always disclosed to the general public through press releases as well as being reported to the financial authorities (AFM and NYSE Euronext) and placed on *www.vastned.com*. This also applies to regular financial reports and other press releases. Only information that has already been made public is commented upon in contacts with the press, investors and analysts. When Vastned publishes its semi-annual and annual figures, it holds a meeting for analysts. The analysts' meetings can be followed through a webcast at *www.vastned.com*. There are no analysts' meetings, presentations to investors or direct meetings with investors in the period immediately preceding the publication of the financial reports.

Trading updates

Vastned provides a trading update on the first and third quarter. Up to and including 2012, Vastned each quarter published elaborate financial results via a press release. To improve the focus on main areas it was decided to replace the elaborate financial reporting over the first quarter and over the first nine months by trading updates which will briefly address Vastned's operational performance. The trading updates, through means of a press release, will primarily focus on developments within the property portfolio in terms of occupancy rate, leasing activities, divestments, acquisitions etc.

Annual report

Just like the previous reporting year, the recommendations made by the external accountant, such as those related to transparency and various other recommendations, have as much as possible been incorporated into this annual report. Furthermore, all the internal disciplines of Vastned actively contributed to safeguarding the report's quality and improve it where necessary. Vastned received a Gold Medal Award from the European Public Real Estate Association (EPRA) for its 2011 annual report. This award is presented to organisations that best implemented the EPRA's Best Practice Recommendations (BPR). The objective of the BPRs is to increase the transparency and consistency of the financial reporting produced by listed property funds. The continued production of high-quality reports of this sort is a high priority for Vastned.

As announced last year, the annual report will no longer be printed and will exclusively be made available in PDF format in Dutch and English on *www.vastned.com*. On the website the EPRA BRP checklist used by Vastned is published as well.

Website

Vastned's website (*www.vastned.com*) serves as a source of information for all stakeholders. The website also offers interested parties the possibility of subscribing to receive press releases.

Sell-side analysts

Reports of sell-side analysts are neither evaluated nor corrected in advance by Vastned other than for factual inaccuracies. Vastned does not pay fees to any party for drawing up analysts' reports. Vastned is currently being followed by ten (sell-side) analysts at reputable banks who regularly publish reports. The following banks have sell-side analysts who follow Vastned:

- ABN AMRO, Amsterdam;
- Bank of America Merrill Lynch, London;
- Bank Degroof, Brussels;
- Goldman Sachs, London;
- HSBC, Frankfurt;
- ING, Amsterdam;
- JPMorgan, London;
- Kempen & Co, Amsterdam;
- Petercam, Amsterdam; and
- Rabobank, Utrecht.

For the contact information of these analysts, visit *www.vastned.com*.

Contact Information

For additional information about Vastned and/or the Vastned share, contact the Manager Investor Relations.

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2013 FINANCIAL CALENDAR

Friday 19 April 2013 *(15:00 hour)* General Annual Meeting of shareholders (Hotel Okura, Amsterdam)

Tuesday 23 April 2013 *(25 april 2013: record date)* Ex-final dividend listing

Wednesday 15 May 2013 *(Before trading)* First quarter trading update

Wednesday 22 May 2013 Payment date final dividend

Wednesday 14 August 2013 *(Before trading)* Publication of 2013 semi-annual results

Wednesday 14 August 2013 *(11:00)* Analysts' meeting (Hotel Okura, Amsterdam) / webcast of 2013 semi-annual results

Friday 16 August 2013 *(20 August 2013: record date)* Ex-interim dividend listing

Friday 30 August 2013 Payment date interim dividend

Monday 4 November 2013 *(Before trading)* First nine months trading update 2013

KEY EVENTS IN 2012

January 2012
- Vastned places second long-term bond loan in the amount of € 50 million via a US private placement
- Disposal of € 23 million worth of non-core investments in the Netherlands
- Vastned reinforces management team with Marc Magrijn

February 2012
- Fashion giant DESIGUAL rents high street shop from Vastned in Namur
- Vastned signs leases in Retail Park Roermond

March 2012
- Second lease signed with Turkcell in Istanbul
- Disposal of retail properties in Zeewolde for € 2.8 million

April 2012
- Vastned expands high street shops position in Bordeaux
- Vastned welcomes H&M to Istanbul's most popular shopping street

May 2012
- Acquisition of high street shop in The Hague's city centre
- Vastned shareholders appoint Marieke Bax to the Supervisory Board
- Monop' signs lease for retail building on the popular Rue Faidherbe shopping street in Lille

June 2012
- Disposal of non-core investments in France for € 12 million and expansion of high street shops in the Netherlands for € 5.3 million
- Further reinforcement of high street shops in Bordeaux through acquisition of two retail properties
- Signed various new leases in Lille, France, with various companies including Kenzo
- Vastned reinforces Overvecht Utrecht shopping centre with lease to Action

January February March April May June

August 2012
- Direct investment result for the first half-year 2012 € 31.6 million

September 2012
- Thierry Fourez appointed country manager for Vastned France
- Vastned signs three new leases and one lease renewal:
  - Redskins rents property at Rue Montmartre 17 in Paris;
  - Six/I am rents property at Lange Elisabethstraat 36 in Utrecht;
  - Massimo Dutti rents property at Wolfstraat 8 in Maastricht; and
  - Crocs extends lease for Calle de Fuencarral 23 in Madrid by five years.
- Vastned receives EPRA Gold Medal Award for its 2011 Annual Report
- Vastned opts for SOCIMI regime in Spain

October 2012
- Vastned expands number of banks with € 31 million loan from BNP Paribas
- Vastned acquires expansion of Buitenmere shopping centre in Almere

November 2012
- Vastned reinforces management team with Anneke Hoijtink; Arnaud du Pont appointed as Managing Director Investments & Operations
- Announcement of proposal to amend the dividend policy
- H&M renews lease in the centre of Dunkirk
- Vastned sells 350,000 shares in Belgian subsidiary Intervest Retail
- Acquisition of ninth high street shop in Istanbul

December 2012
- Vastned reinforces position in Paris through acquisition of high street shop at Rue de Rivoli 102
- Disposal of € 60 million non-core investments in the Netherlands, Belgium and France
- New lettings to Armani Jeans and Rituals in the Leysstraat in Antwerp

July August September October November December

REPORT OF THE BOARD OF MANAGEMENT

REVIEW OF THE PROPERTY PORTFOLIO

INTRODUCTION

Rental income is the primary source of revenue for Vastned and its shareholders. The rental income over the long term is the result of the opportunities of use of the real estate and its location. For the tenant, property constitutes a means of distribution through which he sells his products to consumers. In addition, the shop increasingly plays a role in profiling and marketing the retail chain and the underlying brands. The changed economic conditions resulting from the financial crisis, the demographic trends, as well as the impact of e-commerce on the retail chains' operations, force them to critically assess the property leased by them. These are reasons to monitor the performance of the property portfolio closely.

The state of affairs for the portfolio as a whole, and the various countries, will be explained in this chapter on the basis of a number of parameters.

RENEWED STRATEGY

One of the pillars of the strategy is the focus on high street shops. These are shops that are located on the most popular streets of large cities, where shopping public and consumer spending converge. The streets are mainly characterised by their authentic, historic and well-established character.

PROPERTIES

At the end of December 2012, 55% of the value of the property portfolio consisted of high street shops. Vastned also invests in small and medium-sized, locally well-embedded shopping centres (32%) and retail warehouses (12%). The remaining 1% consists of other property investments, such as homes. At year-end 2012, the total property portfolio comprised 513 properties (year-end 2011: 559). The property portfolio is spread over six countries and has a total lettable floor area of 655,540 sqm (year-end 2011: 744,226 sqm). The book value, including property investments in pipeline, at year–end 2012 was € 1,981.0 million (year-end 2011: € 2,129.0 million).

OCCUPANCY RATE

The occupancy rate at year-end 2012 was 95.0% and remained stable (year-end 2011: 95.1%). The average financial occupancy rate was also stable in 2012 and on average was 95.1%, which is virtually the same as it was in 2011 (95.4%). The breakdown of the occupancy rate by country is presented on page 32, including an explanation of the underlying trends. In addition, a summary is presented there that clarifies the movements in the occupancy rate. As indicated, it remained stable in 2012 due to the favourable letting results particularly in the high street shop segment. The occupancy rate for high street shops was 97.4% compared to 93.0% for other property investments.

INDEXATION

Virtually all leases concluded by Vastned contain indexation clauses. The indexation clauses included in the Vastned leases ensure that there is a strong correlation between inflation and the increase in rental income. The inflation compensation clause provides for an increase, generally based on the consumer price index (CPI), except for the French property portfolio, which can either be indexed based on the cost-of-construction index or on a combination of the CPI, retail prices and the cost-of-construction index. In addition, in a number of instances fixed indexation is used. In Turkey indexation can also diverge mainly due to individual agreements.

LEASING ACTIVITY

Active asset management is of major importance in achieving an attractive result. Indeed, aside from indexation, movements in rental income can be realised by letting vacant spaces and renegotiating lease conditions with existing tenants. This translates into new leases and lease renewals, collectively referred to as leasing activity.

The total leasing activity in 2012 was € 18.3 million (2011: € 15.5 million) in new or renewed leases. This equalled 12.9% of the theoretical gross rental income in the core countries (2011: 10.8%). The leasing volume was especially high in the high street shop segment at € 9.8 million.

The departure of 121 tenants, representing € 7.0 million (2011: € 7.7 million) in rental income was more than compensated by 122 new leases, representing annual rental income of 9.2 million (2011: € 10.2 million). Furthermore, 134 lease renewals were concluded, representing € 9.1 million (2011: € 5.3 million) in rental income.

New leases and lease renewals taken together were concluded on average 2.9% below the previous rent level (2011: 2.7% below the previous rent level). The decline was resulted by lower rents in new leases and lease renewals for the other investments. These contracts were on average 13.1% down. Contracts for high street shops on the other hand increased on average by 8.2% above the previous rent level.

Taking lease incentives into account, the new leases and lease renewals were concluded at on average 8.3% below the previous rent level (2011: 6.8% below the previous rent level).

LIKE-FOR-LIKE GROWTH IN RENTAL INCOME

The trend in rental income to a large extent is dependent on the leases that were not renegotiated, but that were, however, indexed. The like-for-like rental growth in comparison to 2011 was 0.4% negative. As indicated earlier, the growth in high street shops was more attractive (2.0% positive) than the growth in other investments (2.2% negative). At review of the 2012 annual results a more detailed description is presented on page 79.

LEASE INCENTIVES

Lease incentives such as rent-free periods, lease discounts and other payments or contributions benefiting the tenant represented 2.6% of the gross rental income (2011: 2.3%). In absolute terms, the lease incentives increased to € 3.7 million (2010: € 3.3 million). This rise was primarily due to an increase in lease incentives in the Dutch property portfolio.

TENANTS

The total number of tenants in terms of leases, excluding apartment tenants, was 1,565 at year-end 2012. A list of the major tenants is provided in the table on page 33. In addition there are 350 residental units. For the most part these concern residential apartments above shops. The gross rental income of these apartments in 2012 totalled € 2.5 million.

MARKET RENT

Vastned commissions appraisals that also establish the market rent on its behalf. This provides relevant information that enables Vastned to identify reletting-related opportunities and threats. A comparison of these market rents with the theoretical rental income shows the theoretical income to be 101.2% of the market rents at the end of 2012 (2011: 98.9%). The limited under-rent in the Netherlands, Belgium, France and Turkey is offset by the over-rent in Spain.

LEASE EXPIRY DATES

The typical terms of leases differ on the basis of the specific agreements, local legislation and customs. Vastned operates in six countries with different lease types in each country. In terms of expirations, Vastned differentiates between the tenant's first optional termination date and the end of the contract. The graph on page 34 shows the expiry dates of the total portfolio. The average term is 6.2 years (year-end 2011: 6.2 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 3.0 years (year-end 2011: 3.0 years).

ACQUISITIONS

In 2012, thirteen acquisitions took place for a total amount of € 110.6 million.

Acquisitions	Type	Investment volume (x € 1 million)
Netherlands		
Almere, Shopping Centre Buitenmere	Shopping centre	21.4
Amsterdam, Keizersgracht 504	High street shop	1.4
Amsterdam, Leidsestraat 46	High street shop	4.0
The Hague, Wagenstraat 3-5 / Weversplaats 1	High street shop	23.8
's-Hertogenbosch, Markt 27	High street shop	2.7
Zwolle, Diezerstraat 74-74a	High street shop	4.1
Total Netherlands		**57.4**
France		
Angers, Rue d'Alsace 7	High street shop	0.3
Bordeaux, Cours de l'Intendance 61	High street shop	6.5
Bordeaux, Porte de Dijeaux 73	High street shop	2.2
Bordeaux, Rue Sainte-Catherine 66	High street shop	2.7
Bordeaux, Rue Sainte-Catherine 131	High street shop	1.1
Paris, Rue de Rivoli 102	High street shop	25.6
Total France		**38.4**
Turkey		
Istanbul, Istasyon Caddesi 27	High street shop	14.8
Total Turkey		**14.8**
Total high street shops		**89.2**
Total other		**21.4**
Total		**110.6**

DISPOSALS

To implement the strategy with a focus on the quality of the portfolio, Vastned made a number of disposals that specifically strengthened Vastned's high street shop profile. In September 2011, properties amounting to € 90 million were earmarked for disposal. This objective was amply realised with € 145.5 million in disposals as at year-end 2012. In the review per country an more detail description is presented.

After deducting selling costs, including income from prior disposals, a net sales result of € 1.2 million was realised on these disposals.

INVESTMENT PROPERTIES UNDER RENOVATION

At year-end 2012 Vastned did not have property investments under renovation.

INVESTMENT PROPERTIES IN PIPELINE

The investment properties in pipeline as at year-end 2012 comprised the following properties.

	Investment volume (x € 1 milion)
Netherlands	
Houten, Achterom 1-5 and Spoorhaag 130-134	2.2
France	
Arras, Rue Ernestale 35	0.6
Turkey	
Istanbul, Abdi İpekçi Caddesi 41	18.4
Istanbul, Istiklal Caddesi 85	28.3
Total	**49.5**

Further details about the investment properties in pipeline are included in the section for the relevant country.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

Vastned in 2012 commissioned appraisals for 80 to 90% of its property portfolio each quarter. On balance, the appraisals resulted in a negative value movement of € 122.2 million (2011: € 32.4 million positive), which is mainly attributable to the Spanish property portfolio. The theoretical net yield on the property portfolio (the theoretical net rental income, adjusted for the service charge expenses not passed on and bad debt provisions, divided by the appraisal value of the portfolio) was 6.6% at year-end 2012 equal to 2011. See also the summary of value movements in investment properties on page 33.

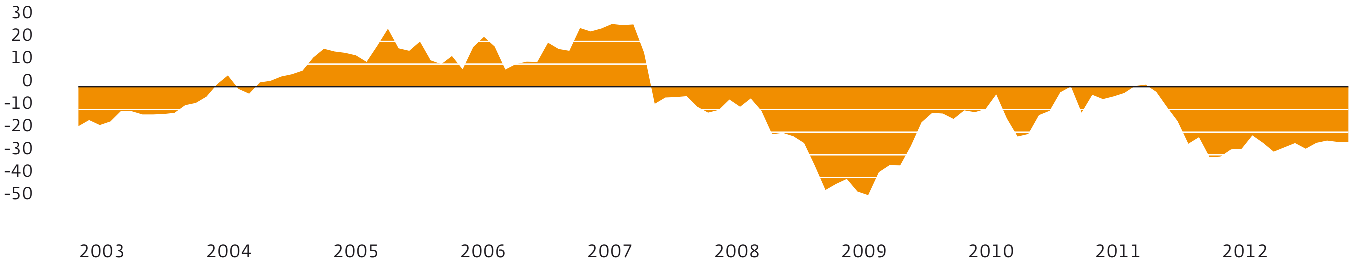
APPRAISAL METHODOLOGY

Vastned's property portfolio is appraised four times a year. The larger properties with a value or anticipated value of at least € 2.5 million make up approximately 75% of the property portfolio and are appraised each quarter by appraisers of international standing (see the overview of the 2012 Property Portfolio included elsewhere in this annual report). The smaller properties (< € 2.5 million) are appraised once a year by an external appraiser and are evenly spread across the quarters for this purpose. Vastned ensures that all relevant information is made available to appraisers to enable them to issue well-considered opinions. The valuation methodology is based on international appraisal guidelines (RICS Appraisal and Valuation Standards). A more detailed description of the appraisal methodology is contained on page 143 of the annual accounts.

Effective from the beginning of 2013, the appraisal frequency will be adjusted in accordance with prevailing market practices to an appraisal frequency of every six months for the larger properties. The smaller properties will be appraised once a year; the first half as at 30 June and the other half as at 31 December. In addition, the number of appraisers will be phased out from eight to two.

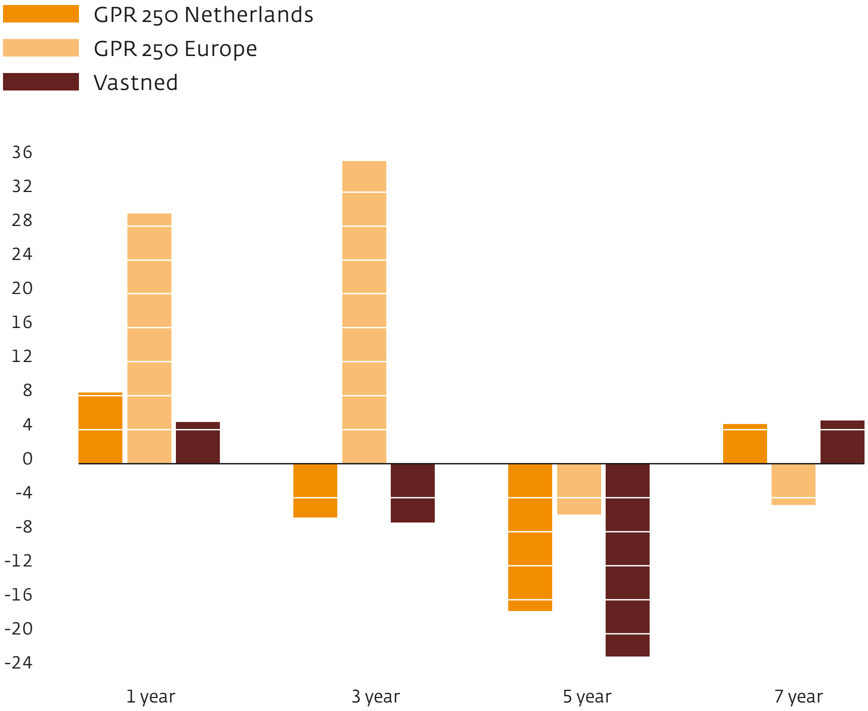
DUTCH PROPERTY FUNDS

DEVELOPMENT PREMIUM (DISCOUNT) (in %)



TOTAL ANNUAL RETURN in %

Source: Global Property Research (GPR), Bloomberg

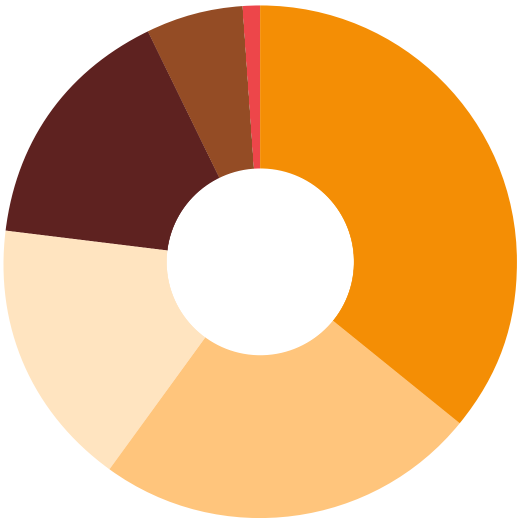


GEOGRAPHICAL SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

AT YEAR-END 2012

- Netherlands 36
- France 24
- Belgium 17
- Spain 16
- Turkey 6
- Portugal 1

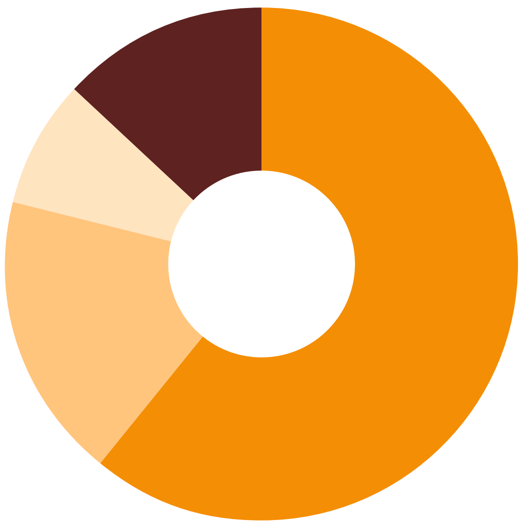


INDUSTRY SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

AT YEAR-END 2012

- Non-food 61
- Food 18
- Home and garden 8
- Other 13

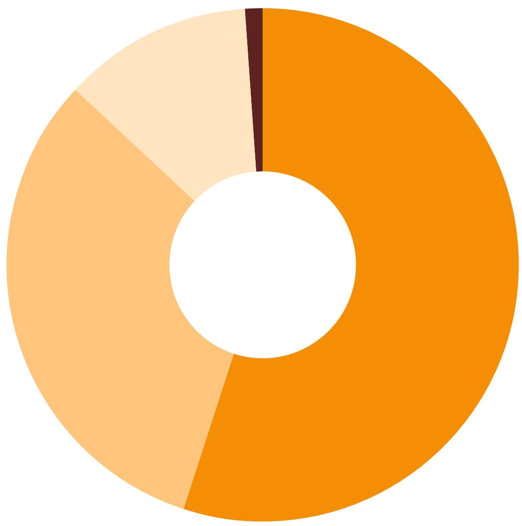


SECTOR SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

AT YEAR-END 2012

- High street shops 55
- Shopping centres 32
- Retail warehouses 12
- Other 1

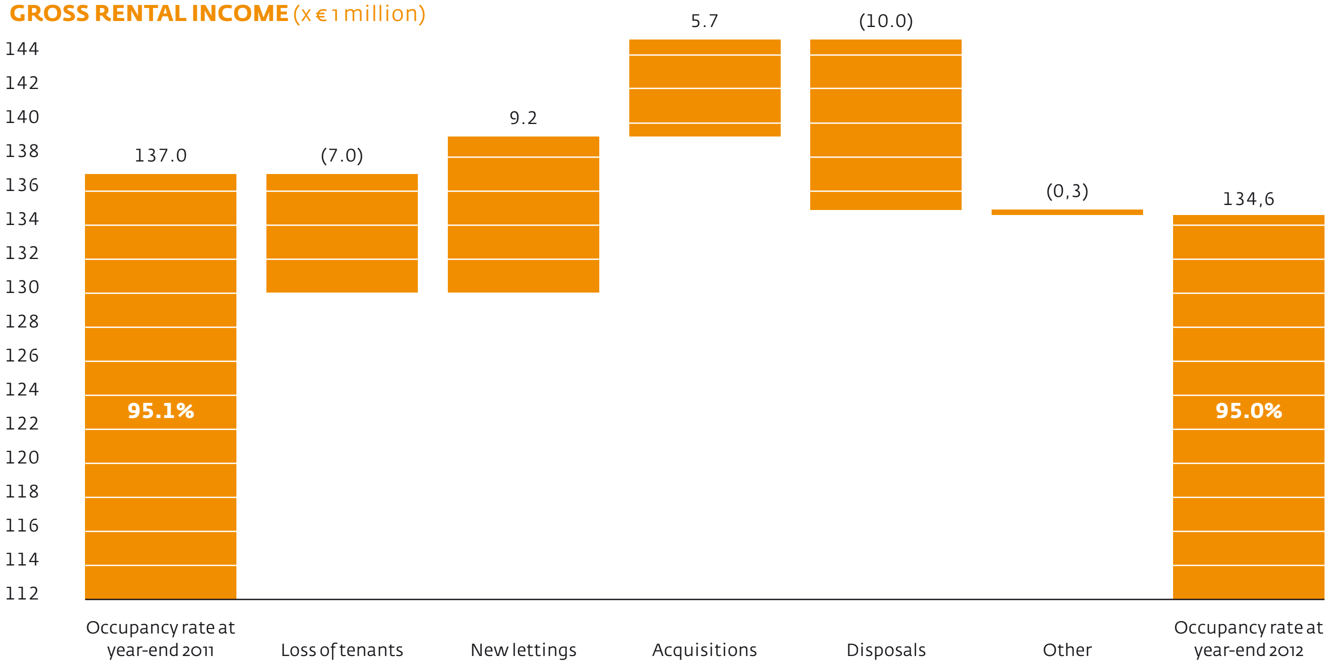


OCCUPANCY RATE in %

	Year-end 2012	Average 2012	Average 2011
Netherlands	97.0	96.6	96.6
France	94.4	94.8	94.4
Belgium	97.1	97.5	97.6
Spain	90.1	90.5	92.6
Turkey	100.0	100.0	96.0
Portugal	100.0	100.0	100.0
Total	**95.0**	**95.1**	**95.4**

MOVEMENT SPOT OCCUPANCY

GROSS RENTAL INCOME (x € 1 million)



TOTAL LEASING ACTIVITY in %

	Leasing activity		New leases		Lease renewals	
	Change in gross rental income	Volume	Change in gross rental income	Volume	Change in gross rental income	Volume
Netherlands	(1.8)	8.8	0.5	4.8	(4.5)	4.0
France	(0.3)	10.8	35.4	4.9	(18.1)	5.9
Belgium	9.9	20.6	0.5	7.2	15.7	13.5
Spain	(27.4)	10.7	(30.4)	3.9	(25.6)	6.9
Turkey	21.0	49.7	21.0	49.7	–	–
Total	**(2.9)**	**12.9**	**3.4**	**6.5**	**(8.5)**	**6.4**

LEASE INCENTIVES in %

	2012 actual	2011 actual	2012 IFRS	2011 IFRS
Netherlands	(1.2)	(0.7)	(1.0)	(0.5)
France	(2.2)	(2.7)	(1.9)	(1.9)
Belgium	(1.2)	(2.0)	(1.5)	(1.4)
Spain	(6.5)	(7.5)	(6.6)	(6.3)
Turkey	(19.3)	–	(2.2)	–
Portugal	–	–	–	–
Total	**(2.9)**	**(2.9)**	**(2.5)**	**(2.3)**

VALUE MOVEMENTS INVESTMENT PROPERTIES

IN 2012

	Value movements (x € 1 million)			Theoretic net yield (in %)		
	High street shops	Other	Total	High street shops	Other	Total
Netherlands	(2.6)	(23.5)	(26.1)	5.8	6.8	6.3
France	10.9	(23.5)	(12.6)	5.5	6.8	6.0
Belgium	5.2	0.8	6.0	5.5	7.0	6.2
Spain	(3.2)	(88.5)	(91.7)	5.1	9.9	9.3
Turkey	2.4	-	2.4	5.7	-	5.7
Portugal	(0.2)	-	(0.2)	8.7	-	8.4
Total	**12.5**	**(134.7)**	**(122.2)**	**5.7**	**7.8**	**6.6**

TOP 10 TENANTS

IN 2012

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M[1)]	10.9	8.3	16	29,055
2	Inditex	5.8	4.4	22	17,325
3	A.S. Watson	2.3	1.8	25	10,261
4	Blokker	2.1	1.6	23	12,302
5	Leroy Merlin	2.0	1.5	3	19,524
6	Armand Thiery	1.9	1.4	11	6,551
7	Jumbo	1.9	1.4	8	11,595
8	Ahold	1.8	1.4	8	9,463
9	Macintosh	1.7	1.3	19	12,679
10	E. Leclerc	1.5	1.1	2	13,146
		31.9	**24.2**	**137**	**141,901**

1 Including already contracted tenant investment property in pipeline.

(OVER)/UNDER RENT € x 1 million

AT YEAR-END 2012

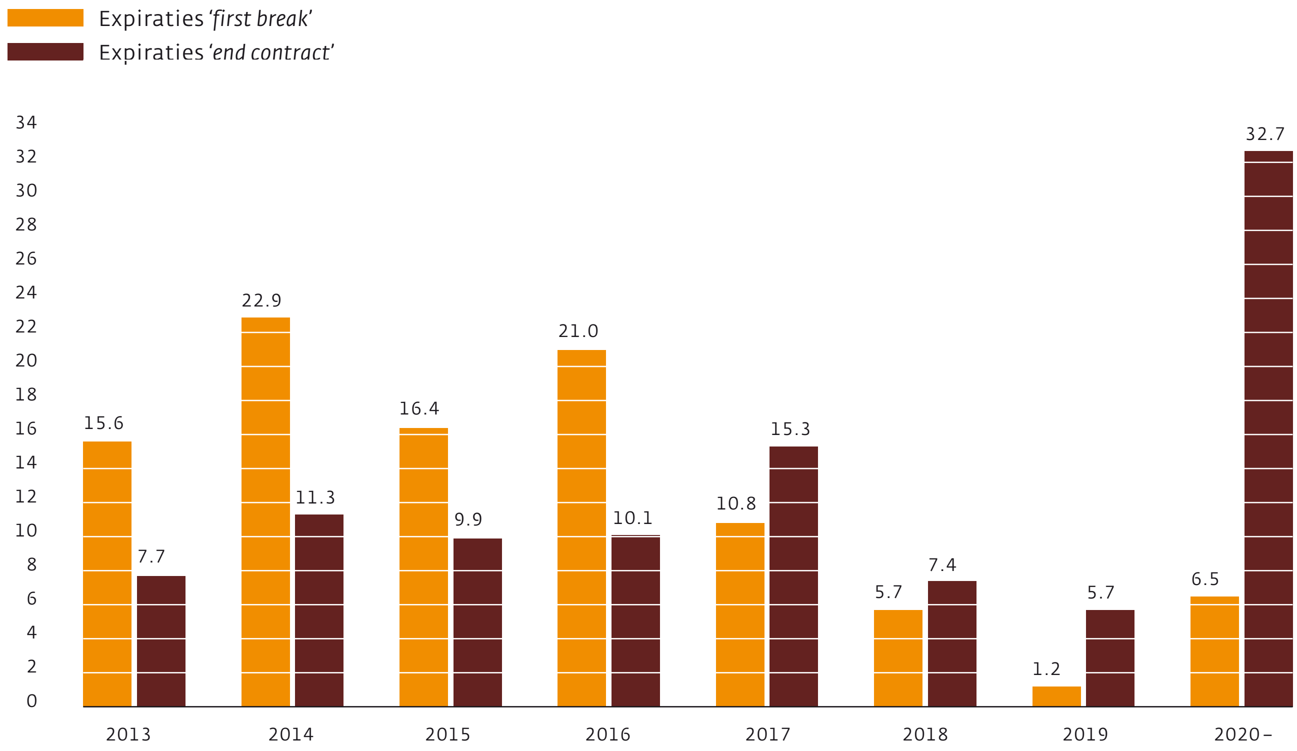
	Theoretical rental income	Market rent	(Over)/ under rent (in %)
Netherlands	51.2	51.3	0.1
France	30.1	30.9	2.6
Belgium	22.5	22.5	0.1
Spain	31.8	29.2	(8.9)
Turkey	5.0	5.1	3.4
Portugal	1.1	0.9	(21.7)
Total	**141.6**	**139.9**	**(1.2)**

EXPIRY DATES LEASE CONTRACTS

TOTAL PROPERTY PORTFOLIO (in %)

AS AT 31 DECEMBER 2012

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 3.0 years and based on end contract 6.2 years.



THE NETHERLANDS

THE DUTCH PROPERTY PORTFOLIO

Properties

The Dutch portfolio represents 36% of the total property portfolio and consists of a large number of properties (266) and tenants (659, excluding apartment tenants). In 2012, there was a further concentration on quality properties and the number of cities. This was accomplished, for example, by the disposal of small properties in provincial cities where the demographic trends are less attractive and through acquisitions in large cities with positive growth projections in line with Vastned's strategy. Through means of the various disposals and acquisitions, the share of high street shops increased from 53% a year ago to 57% at year-end 2012. The remaining investment properties consist of shopping centres (37%), retail warehouses (5%) and other investment properties (1%).

Occupancy rate

The occupancy rate of the Dutch portfolio at year-end 2012 was 97.0% (year-end 2011: 96.5%). This improvement is due to active asset management, which has resulted in an attractive volume of letting activities and to a lesser extent due to various disposals. The average occupancy rate in 2012 was 96.6% (2011: 96.6%). The occupancy rate for the Dutch high street shops is 96.3% and for other property investments 97.8%.

Leasing activity

Stable rental income can only be realised when there is a strong focus on maintaining the occupancy rate and concluding new leases and lease renewals with strong retailers at attractive conditions. The latter is no longer self-evident and requires a proactive attitude. If the opportunity presents itself, existing tenants are replaced by better performing retailers, if possible at more attractive lease conditions. New leases and lease renewals exceeded 2011 levels and totalled € 4.5 million (2011: € 3.3 million) or 8.8% of the theoretical gross rental income (2011: 6.0%), and contracts were signed at on average 1.8% below the previous rent level (2011: 6.0% above the previous rent level). Taking lease incentives into account, the effective rent level was 5.7% below the previous rent level. New leases and lease renewals for the high street shops performed better than the new leases and lease renewals of other property investments; 1.5% and 2.3% below previous rent levels respectively.

Attractive new leases in 2012 were as follows: the life-style chain Rituals for 92 sqm at Spoorhaag 117 in Houten, jeweler specialist Six/I Am for 192 sqm at Lange Elisabethstraat 36 in Utrecht and the Spanish fashion chain Massimo Dutti for 650 sqm at Wolfstraat 8 in Maastricht. New leases in the Netherlands totalled € 2.4 million (2011: € 2.3 million) or 4.8% of the theoretical gross rental income (2011: 4.2%). On average, these leases were 0.5% above the previous rent level (2011: 5.5% above the previous rent level).

Lease renewals totalled € 2.1 million (2011: € 1.0 million) or 4.0% of the theoretical gross rental income (2011: 1.8%). On average leases were 4.5% below the previous rent level (2011: 7.3% above the previous rent level). Examples of lease renewals are: fashion chain Name it for 110 sqm at Muntstraat 20 in Maastricht and fashion chain Shoeby for 387 sqm at Torenstraat 2 in Breda.

Lease incentives

Lease incentives became increasingly customary in the Netherlands in 2012. However, these incentives, such as several months rent-free or a temporary discount, stayed limited to 1.0% (2011: 0.5%) of the gross rental income in the Dutch portfolio.

Tenants

The spread of risks is apparent from the top 10 largest tenants in the Dutch property portfolio, as indicated in the table on page 40. These are strong retail chains that represent approximately 29.1% of the total Dutch rent, obtained from 88 retail units.

Market rent

On average, the Dutch property portfolio was let at 0.1% (2011: 3.9%) below market level. The variance between the market rent and the actual rent is reduced due to the fact that the market rent levels are under pressure in a general sense.

Lease expiry dates

The lease expiry schedule provides a good balance between risk spreading and opportunity. An overview of the existing leases at year-end 2012 is shown in the table on page 40. The average term until the expiry date of a lease is 3.6 years (year-end 2011: 4.1 years). This is equal to the average term until the date on which the option of termination can first be exercised.

Acquisitions

Vastned in 2012 further refined the high street profile through means of the acquisition of a high street shop in The Hague's city centre. This building is located at an A1 location at the corner of Vlamingstraat/Wagenstraat and has been let to the fashion chain H&M. The surface area comprises a total of 3,176 sqm largely divided over two storeys. The shop, with a façade totalling 50 metres, for the most part houses the H&M clothing label, while 280 sqm is used by H&M's accessory specialist Beautybox. The lease was signed for a long-term period.

Two investment properties were acquired in the centre of Amsterdam at Leidsestraat 46 and Keizersgracht 504 with a total surface area of 390 sqm. The tenants are shoe specialist Boots and the restaurant chain Bagels and Beans. A high street shop of approximately 315 sqm was acquired in Zwolle at Diezerstraat 74, which is let to the sports equipment chain Aktie Sport. These latest acquisitions further strengthened the existing high street shop positions in the most popular shopping streets of these respective cities.

In the third quarter of 2012 Vastned improved the quality of the segment of its Dutch property portfolio that consists of other property investments through the acquisition of the Buitenmere shopping centre expansion in Almere. This concerns a total of 4,955 sqm of retail space in Almere city centre in total comprising more than 100 shops, including the supermarket chains Albert Heijn and C1000 as key anchor tenants for daily purchases. The portion acquired by Vastned was completed in the summer of 2012 and comprises 17 shops. Leases have been concluded with various labels, including the international fashion chain C&A, the chemist's Trekpleister and the Bruna book and magazine merchant. At the end of 2012, more than 80% of the total retail surface area was let. Letting of the remaining 20% is in full swing. Furthermore, the rents up to the first lease are guaranteed by the seller. The rental income amounts to € 1.4 million per year. The cost of acquisition, including the purchase costs, amounted to € 21.4 million.

In December a high street shop at Markt 27 in 's-Hertogenbosch was acquired for € 2.7 million. The gross lettable surface area is 225 sqm and has been let on a long-term basis to the international fashion house Gerry Weber. Gerry Weber is a successful German fashion chain with more than 560 Gerry Weber brandstores worldwide.

Disposals

During 2012 (non-core) retail properties were sold for a total of € 101.3 million in the Netherlands. Beside Retail Park Roermond these disposals mainly relate to individual (non-core) retail properties.

Investment properties in pipeline

Houten, Achterom 1-5 and Spoorhaag 130-134

Vastned owns an office complex in the city's centre that was acquired for providing additional shops in the Het Rond shopping centre in Houten in the future. Its value at 31 December 2012 was € 2.3 million.

Value movements investment properties

The value of retail property on high streets experienced a favourable trend in view of the fact that tenants as well as investors currently have a preference for the very strongest retail locations. The other property investments did not reflect such increases. In total, the value movements in the Dutch property portfolio amounted to € 26.1 million negative (2011: € 1.6 million positive). The value movements concern mainly high street shops in smaller provincial towns. The value movements of the high street shops (including shops in small cities) amounted to € 2.6 million negative. The value movements in the other property investments amounted to € 23.5 million negative. The net yield as at 31 December 2012 was 6.3% (year-end 2011: 6.1%).

JACQUELINE VAN DER MISPEL, COUNTRY MANAGER THE NETHERLANDS

The Dutch property market in 2012 again felt the impact of the economic crisis. Consumers are more cautious about spending, which in turn affects retailers' sales. Anticipating lower sales, retailers scrutinise their costs, including costs of accommodation. This had led to pressure on retail property rent levels, in particular for lesser quality locations. Demand for retail properties in good locations is stable, however. The Dutch retail market remains highly dynamic, with a number of strong Dutch retail chains expanding their physical shop network in spite of gloomy economic forecasts. Several popular foreign brands, like Primark and Inditex' Massimo Dutti, are also entering the Dutch market. This confirms yet again the validity of Vastned's strategy focusing on venues for premium shopping.

This year, Vastned has implemented the strategy by selling approx. € 101 million in non-core property in the Netherlands, among which Retail Park Roermond and retail properties in cities like Boxtel and Nijkerk. At the same time, Vastned also acquired some € 36 million in high street shops in cities including Amsterdam, The Hague and 's -Hertogenbosch. This increased the ratio of high street shops in the Dutch portfolio from 53% to 57%.

Next year, the Dutch team will continue to roll out the company's strategy, further strengthening the relationships with our tenants. We want to be a partner to the retailer, giving him the best possible assistance to find the right location.

THE NETHERLANDS TOP 10 PROPERTIES

	As at 31 December 2012 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Houten, shopping centre Het Rond[1)]	97.3	7.3	97.3	116	32,355
2	The Hague, city centre	53.7	2.9	94.1	20	8,401
3	Zwijndrecht, shopping centre Walburg	36.5	2.9	97.2	30	14,174
4	Utrecht, city centre	36.2	2.3	100.0	27	8,698
5	Amsterdam, city centre	33.6	1.7	97.7	16	3,233
6	Utrecht, shopping centre Overvecht	21.9	1.6	95.3	16	5,374
7	Lelystad, city centre	20.8	1.6	92.7	11	9,437
8	Amsterdam, shopping centre Boven 't IJ	19.6	1.3	100.0	3	9,988
9	Almere, shopping centre Buitenmere	19.5	1.4	100.0	16	4,955
10	Breda, city centre	16.4	1.0	96.7	10	1,973
	Total	**355.5**	**24.0**	**97.0**	**265**	**98,588**

1 Vastned holds a 50% interest

Bagels & Beans, Amsterdam centre

Mango, Utrecht centre

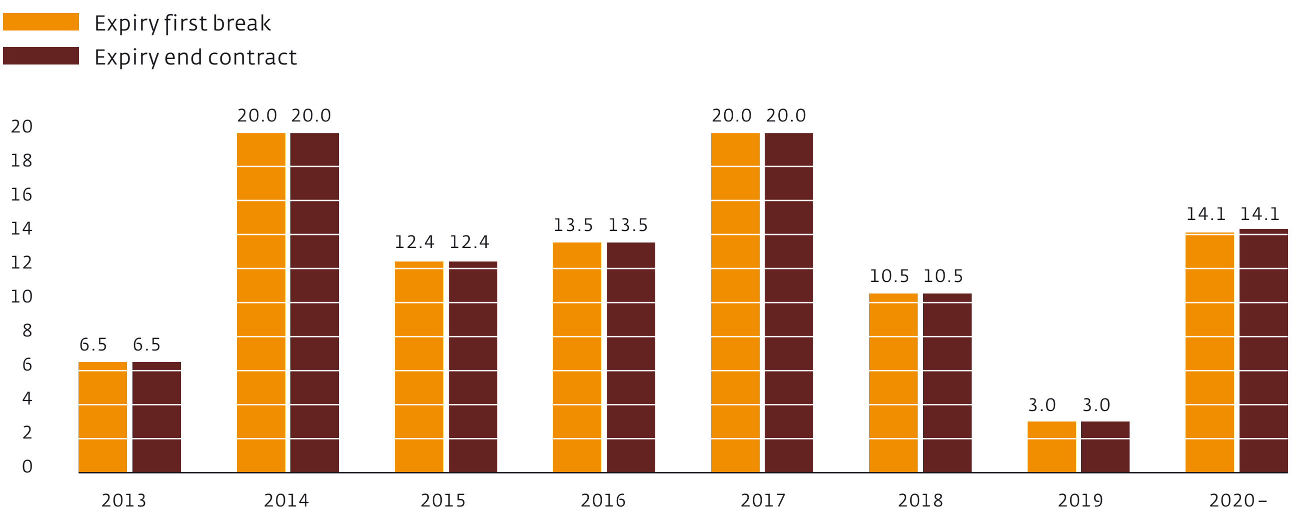
THE NETHERLANDS

TOP 10 TENANTS
AS AT 31 DECEMBER 2012

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Jumbo	1.9	3.9	8	11,595
2	A.S. Watson	1.8	3.8	18	7,422
3	Ahold	1.8	3.7	8	9,463
4	H&M	1.7	3.5	3	5,830
5	Blokker	1.6	3.2	16	6,894
6	Macintosh	1.3	2.8	15	8,882
7	V&D	1.2	2.5	2	10,097
8	Etam	1.1	2.4	10	3,025
9	Sligro	0.9	1.8	4	7,021
10	Plus	0.7	1.5	4	5,324
		14.0	**29.1**	**88**	**75,553**

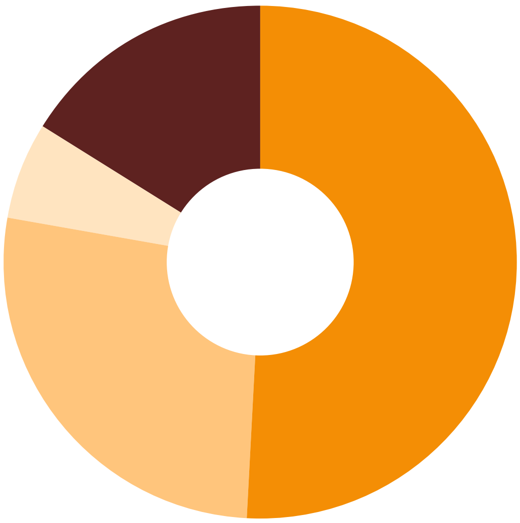
EXPIRY DATES LEASE CONTRACTS
PROPERTY PORTFOLIO (in %)
AS AT 31 DECEMBER 2012

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break as well as on end contract is 3.6 years.



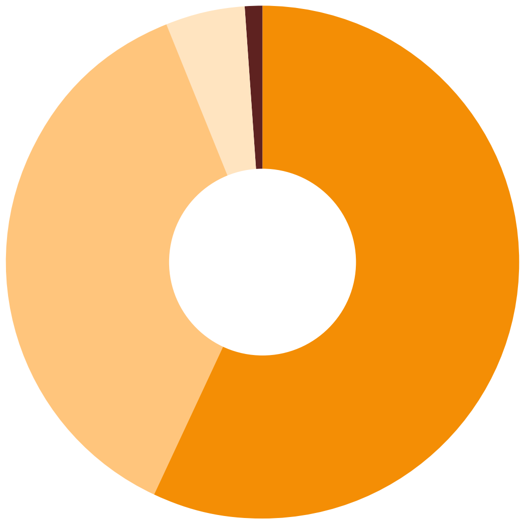
INDUSTRY SPREAD in %
AT YEAR-END 2012

- Non-food 51
- Food 27
- Home and garden 6
- Other 16



SECTOR SPREAD in %
AT YEAR-END 2012

- High street shops 57
- Shopping centres 37
- Retail warehouses 5
- Other 1



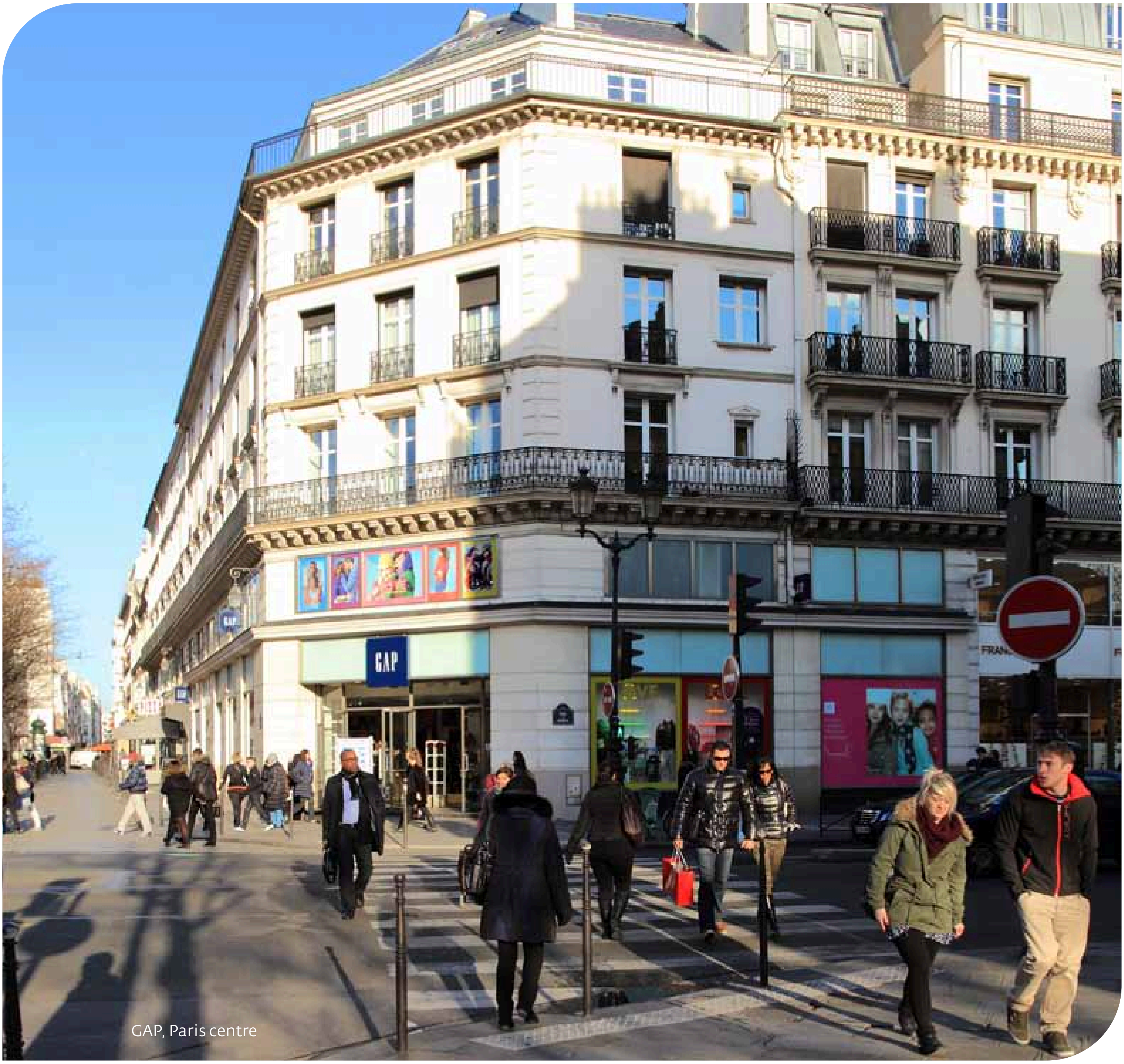
H&M, Wagenstraat 3-5 / Weversplaats 1, The Hague, The Netherlands


H&M
GIFT OF THE WEEK
SUPER PUSH-UP BH 9,95


GONE
FOREVER!
A FRESH START
€ 19,95

FRANCE TOP 10 PROPERTIES

	As at 31 December 2012 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Paris, city centre	105.7	5.3	99.9	12	5,123
2	Thoiry, Centre Commercial Val Thoiry	100.0	6.2	100.0	62	23,415
3	Lille, city centre	60.5	4.0	83.3	38	7,810
4	Bordeaux, city centre	41.8	2.3	96.4	21	6,522
5	Nancy, Rue Saint-Jean 44-45	28.2	1.7	100.0	8	4,794
6	Angers, Rue Lenepveu 25-29	17.0	1.0	100.0	5	4,664
7	Dunkirk, Centre Commercial Centre Marine	16.0	1.5	75.9	19	10,263
8	Limoges, Centre Commercial Limoges Corgnac	11.5	1.4	69.9	12	5,407
9	Cannes, Rue d'Antibes 40	7.3	0.4	100.0	1	948
10	Nice, Route de Grenoble 604	7.0	0.6	100.0	1	2,067
	Total	**395.0**	**24.4**	**93.7**	**179**	**71,013**



GAP, Paris centre

Oxbow, Bordeaux centre

FRANCE

TOP 10 TENANTS

AS AT 31 DECEMBER 2012

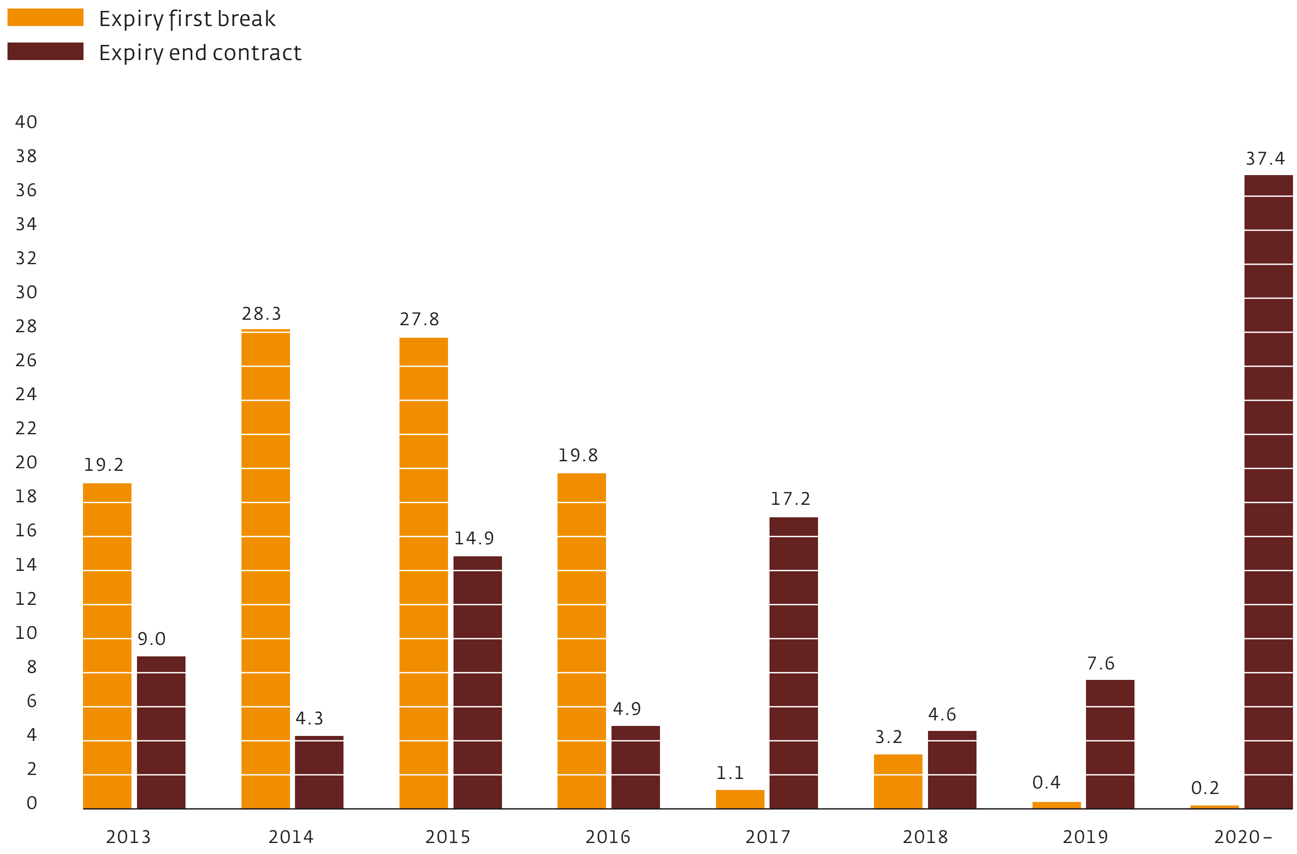
	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	4.2	15.0	5	8,143
2	Armand Thiery	1.9	6.8	11	6,551
3	GAP	1.3	4.5	1	912
4	Vivarte	0.9	3.1	5	5,238
5	PPR	0.9	3.1	3	4,065
6	Célio International	0.7	2.5	6	1,430
7	Nocibé	0.6	2.2	4	1,633
8	Decathlon	0.6	2.1	1	2,067
9	Louis Vuitton	0.6	2.0	5	2,160
10	Etam	0.5	1.9	7	913
		12.2	**43.2**	**48**	**33,112**

EXPIRY DATES LEASE CONTRACTS

PROPERTY PORTFOLIO (in %)

AS AT 31 DECEMBER 2012

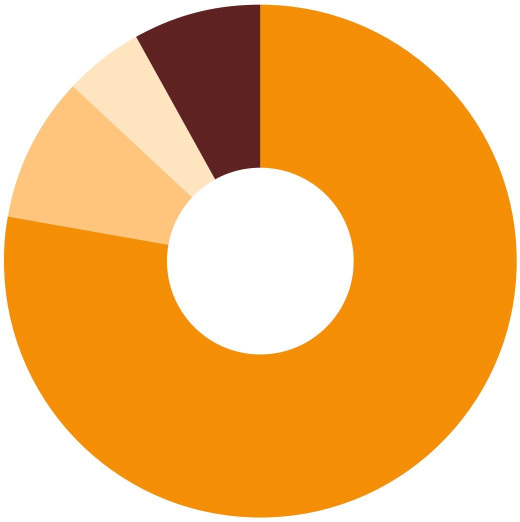
Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.2 years and based on end contract 5.7 years.



INDUSTRY SPREAD in %

AT YEAR-END 2012

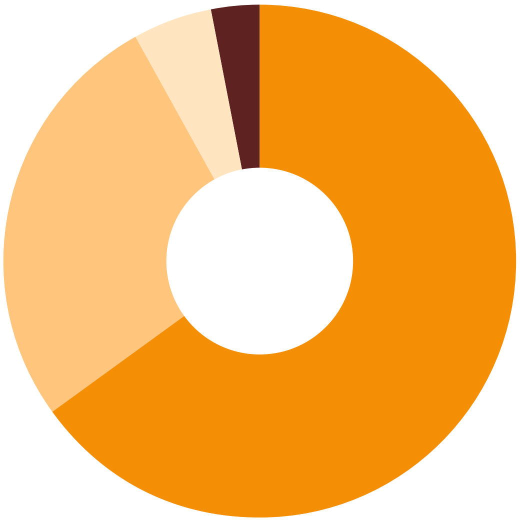
- Non-food 78
- Food 9
- Home and garden 5
- Other 8



SECTOR SPREAD in %

AT YEAR-END 2012

- High street shops 65
- Shopping centres 27
- Retail warehouses 5
- Other 3



Redskins, Rue Montmartre 17, Paris, France


TERRITOIRE
REDSKINS
MAX&Co.


REDSKINS

FRANCE

THE FRENCH PROPERTY PORTFOLIO

Properties

The French property portfolio at 24% of the total portfolio is Vastned's second largest portfolio, and comprises 124 properties with 253 tenants. The portfolio is clustered in four regions, namely Paris (22%), Lille (13%), Bordeaux (9%) and Thoiry (21%). The property portfolio for the most part consists of high street shops (65%). The rest consists of shopping centres (27%), retail warehouses (5%) and other, predominantly residential, property (3%).

Occupancy rate

The occupancy rate of the French property portfolio remained stable and at year-end 2012 was 94.4% (year-end 2011: 94.3%). The average occupancy rate slightly improved and at 94.8% (2011: 94.4%). The small increase of the occupancy rate is due to the healthy leasing activity in 2012 and the limited number of departing tenants. This confirms the quality of the French property portfolio. The loss in rental income in 2012 due to 17 departing tenants amounted to € 1.0 million (2011: € 0.3 million). This was compensated by 27 new leases amounting to approximately € 1.5 million (2011: € 1.0 million). The high street shops show a high occupancy rate at 97.6% at the end of 2012 compared to other property investments at 89.7%.

Leasing activity

The overall leasing activity consisting of the above-referenced lettings plus the lease renewals of existing tenants was high and in 2012 amounted to € 3.3 million or 10.8% of the theoretical gross rental income (2011: 5.2%). The rent level of the new leases on average was 0.3% lower than the previous rent level (2011: 17.4% above the previous rent level). A total of 44 new leases and lease renewals were concluded. Taking lease incentives into account, the effective rent level of the newly concluded leases was 11.7% below the previous rent level. The most attractive lettings took place in the high street segment. Worth of mention are the new leases with the popular convenience shop MONOP' for 585 sqm at Rue Faidherbe 32/34 in Lille, 128 sqm with the Italian fashion house Calzedonia at Rue Saint-Jean 45 in Nancy and 270 sqm with the trendy French fashion brand Redskins for its flagship store at Rue Montmartre 17 in Paris. Examples of lease renewals include: the fashion house Armand Thiery for 948 sqm at Rue d'Antibes 40 in Cannes, 429 sqm for the fashion chain Cyrilus at Rue de la Grande Chaussée 33-35 in Lille and 158 sqm for the French sports equipment specialist Courir at Rue Sainte-Catherine 66 in Bordeaux and 2.481 sqm for fashion chain H&M in shopping centre Centre Marine in Dunkirk. On average, the leasing activity of high street shops were concluded 25.8% above the previous rent level and for other investments 30.4% below the previous rent level. This decline was primarily caused by the costs involved in retaining H&M in the Centre Marine shopping centre in Dunkirk.

Lease incentives

Lease incentives in the French property portfolio remain stable at 1.9% (2011: 1.9%) of the gross rental income.

Tenants

The 10 largest tenants account for 43.2% of the total theoretical rental income in France, obtained from 48 retail units.

Market rent

On average, the French property portfolio was let at 2.6% below the market level (2011: 4.8% below market level).

Lease expiry dates

Most leases in France are concluded based on the 3-6-9-system. This means that the duration of the contract is nine years and the tenant can give notice after three and six years. The average duration of leases up to the tenants' first termination date is 2.2 years (2011: 1.4 years). This is illustrated in the graph on page 46. Taking the total term of the lease agreements into account, this figure is 5.7 years (2011: 5.3 years).

Acquisitions

Bordeaux

Vastned expanded its position in France in 2012 through the acquisition of four high street shops in the centre of Bordeaux for a total amount of € 12.5 million. Two buildings are located on the city's busiest street, Rue Sainte-Catherine. The high street shop at Rue Sainte-Catherine 131 has a total floor area of 567 sqm with a retail portion of approximately 180 sqm. The building is let to the international telephone specialist The Phone House. The other high street shop on the same street is located at Rue-Sainte Catherine 66. This shop is let to the sports equipment chain Courir and has a retail floor area of 158 sqm. The building at the exclusive Cours de l'Intendance 61 in total comprises 720 sqm with 450 sqm of floor space on the ground floor. The largest portion has currently been let to the French bank Crédit Mutuel. The building is located directly opposite Hermès, Nespresso and Louis Vuitton, making this an excellent retail space in the most exclusive shopping area of the Golden Triangle in Bordeaux when the lease with the Crédit Mutuel expires. In addition, Vastned has acquired a high street shop of 169 sqm at Rue Porte Dijeaux 73 that is let to the fashion chain '64'.

Angers

In addition to its existing holdings, Vastned has acquired a high street shop in Anger for € 0.3 million. This high street shop is located at Rue d'Alsace 7, has a 114 sqm floor area and is let to Chattawak. When the lease contract expires there could be an opportunity for combining the two buildings into a large shopping location.

Paris

Vastned has strengthened its position on Rue de Rivoli, in the first arrondissement of Paris, by acquiring Rue de Rivoli 102. This high street shop is located in the most popular part of Rue de Rivoli at less than 200 metres from Vastned's existing investment at Rue de Rivoli 120, let to H&M. The building's gross lettable area is over 1,090 sqm, located on Rue de Rivoli 102, is for the most part let to American fashion chain GAP and the annual gross rental income is approximately € 1.3 million. The cost of acquisition, including the purchase costs, amounted to € 25.6 million.

Investment properties in pipeline

Rue Ernestale 35 in Arras

This concerns a portion of the property at Rue Ernestale 35 in Arras, suitable for future development of housing properties. The value of this portion amounts to € 0.6 million. However, Vastned will abandon its intent of developing this property, since it falls outside the high street shops in large cities category.

Disposals

In 2012, Vastned disposed of a total of € 29.6 million in properties in France including Plaisir-Sablons shopping centre and a property at Boulevard Saint-Germain 104 in Paris. A net sales result of € 0.5 million positive was realised on these disposals.

Value movements investment properties

The unrealised value movements in the French property portfolio amounted to € 12.6 million negative (2011: € 19.7 million positive). This brings the net yield at year-end to 6.0% (year-end 2011: 5.8%). The pressure on the value primarily originated from the other property investments (in particular shopping centres and retail warehouses). Downward valuations in this category amounted to € 23.5 million negative. By contrast, the high street shops exhibited an attractive picture with positive value movements of € 10.9 million.

THIERRY FOUREZ, COUNTRY MANAGER FRANCE

With total retail sales of € 500 billion per year, France is one of Europe's largest retail markets. In spite of the economic decline, consumer spending remains one of the chief engines of economic growth. The French continue to spend a large part of their disposable income on retail purchases. At present, they are dipping into their savings deposits (which are among the highest in Europe), trusting in the support of a strong social security system. However, at the end of 2012 consumer confidence faltered as consumers began to worry about developments in 2013. Some retail sectors saw their sales falling away dramatically. Unemployment increased to 10.5% and economic growth was near zero. France remains a popular holiday destination for tourists from across the globe; with almost 80 million visitors in 2011, the country was the most popular tourist destination in the world.

Against this background, more and more investors are interested in the major shopping streets in Paris and other big cities in France. The share of investments in major shopping streets increased from 22% in 2011 to 57 % in 2012, while shopping centres fell from 33% in 2011 to 9% in 2012.

Rents in top locations remained high and were stable; indeed, they increased in some of the main shopping streets. Many foreign retail chains last year opened their first shops in the country: Marks and Spencer (comeback), Spanish chain Blanco, Italian brand Calzedonia, Dutch chain HEMA, and Primark from Ireland. Other chains, like FNAC, Vivarte and Phone House, are restructuring their portfolio, and adjusting their business model and strategy to the current economic situation.

We have disposed of a number of non-core investments in retail parks and in smaller cities, and acquired some prime locations and venues for premium shopping in important major shopping streets in Bordeaux, for example on Rue Ste Catherine, Cours de l'Intendance and Rue de la Porte de Dijeaux. More recently, we acquired the property Rue de Rivoli 102 in Paris, leased by GAP, and further strengthened our presence in this strategic shopping street.

Due to a good relationship and an ongoing open dialogue with retailers – our 'customers' – Vastned has managed to mitigate the risks and raise the rents against the same benchmark for 2011 by 3.4% at a stable occupancy rate of 94.4%. We are strongly convinced of the importance of teamwork and cross-border cooperation. Our network and our relationships with the major retail chains continue to offer attractive opportunities to further optimise our portfolio.

Our aim is to compose a robust portfolio with high street shops on the main French shopping streets and offer our clients prime locations, while at the same time securing the long-term and short-term interests of our shareholders.

BELGIUM

THE BELGIAN PROPERTY PORTFOLIO

Properties

The Belgian property portfolio at year-end 2012 comprised 90 properties and 226 tenants, primarily in the high street shops segment (56%), as well as retail warehouses (41%) and one shopping centre (3%).

Occupancy rate

The occupancy rate in Belgium marginally increased and was at year-end 2012 97.1% (2011: 96.6%). The average occupancy rate in 2012 was 97.5% (2011: 97.6%). The 14 leases terminated in 2012 represented € 0.5 million in gross rental income (2011: € 1.3 million). This was amply compensated by 17 new leases concluded in 2012, representing a total of € 1.6 million (2011: € 0.8 million) in gross rental income. Part of these new leases concern leases that will take effect in 2013. The occupancy rates at high street shops was better than other investments and amounted 97.7%, at other investments it was 96.5%.

Leasing activity

Leasing activity with 49 leases can be described as strong in 2012 (2011: 43). In total these represent € 4.6 million in gross rental income (2011: € 3.2 million). Aside from the € 1.6 million in new leases referenced above, lease renewals in the amount of € 3.0 million (2011: € 2.4 million) were concluded. These leases, the new leases and lease renewals collectively, representing 20.6% of the theoretical gross rent, were concluded 9.9% above the previous rent level (2011: 4.2% above the previous rent level). Taking lease incentives into account, the effective rent level was 5.0% higher than the previous rent level (2011: 1.3% higher). Examples of new leases include: 522 sqm at Place de l'Ange 42 in Namur to the Spanish fashion chain Desigual, 55 sqm at Rue du Pont d'Ile 45 in Liège to the Italian tights, hosiery and beachwear specialist Calzedonia, 140 sqm to the Dutch lifestyle chain Rituals at Leysstraat 17 in Antwerp and 528 sqm to the fashion retailer Armani Jeans at Leysstraat 28-30.

Examples of lease renewals include: 721 sqm at Huidevettersstraat 12 in Antwerp to the local fashion specialist Company, 242 sqm at Rue du Commerce 26 in Wavre to the French fashion chain Naf Naf and 200 sqm on Bruul 39-41 in Mechelen to the Danish Jack & Jones. As mentioned above the new concluded rent levels were attractive for both high street shops (4.2% above the previous rent level) and other investment properties (14.7% above the previous rent level).

Lease incentives

The lease incentives on leases concluded amounted to 1.5% of the gross rental income (2011: 1.4%).

Tenants

The 10 largest tenants account for 45.7% of the total theoretical gross rental income in Belgium, obtained from 70 retail units.

Market rent

On average, the Belgian portfolio was let at 0.1% below market level.

Lease expiry dates

Leases in Belgium are generally concluded on the basis of the 3-6-9-system. This means that the tenant can give notice after three and six years. This seldom happens, however, since the tenant earns his living at and from the specific location of the shop. The overview of lease expiry dates as shown on page 58 differentiates between the expiry dates based on the termination date of the contract and a more conservative calculation based on the tenant's next optional termination date. The scope for increasing the rent plays a key role in the first method. The second method was devised from the point of view of risk management. The average term is 6.8 years (2011: 7.1 years). Based on the tenant's first option of termination, the average duration is 2.8 years (2011: 2.8 years).

Acquisitions

There were no acquisitions in 2012.

Disposals

A number of retail warehouses were disposed in 2012, as well as two smaller properties in Mechelen and Brussels for a total of € 11.3 million. The retail warehouses were located in Andenne, Mons, Beaumont and Hasselt. A gain of € 1.3 million was realised.

Value movements in investment properties

The value movements in 2012 totalled € 6.0 million positive (2011: € 19.2 million positive). The net yield at year-end 2012 was 6.2% (year-end 2011: 6.3%). High street shops showed a € 5.2 million value increase and other property investments increased € 0.8 million in value.

JEAN PAUL SOLS, COUNTRY MANAGER BELGIUM

As in the Netherlands, in Belgium the economy and consumer spending suffered from anxiety about the economic crisis. In 2012, retail sales stagnated compared to 2011. Fashion retailers managed reasonably well, but sales in food and household goods slumped. Upmarket fashion chains came under considerable pressure from mass brands eating into their sales.

But this did not discourage the Italian brand Calzedonia from expanding further in Europe, entering various markets, among which Belgium. Vastned had previously assisted Calzedonia's Belgian expansion in the main shopping area of Liège. Several retailers, such as H&M, Inditex group, Desigual, Marco Polo and Hunkemöller, C&A and ZEB were also fairly active in the market.

The rental market again showed contrasting movements in 2012: in more expensive locations rents were stable and even rose in some places, but they fell in secondary and tertiary locations. Many retailers opted for premium retail space in their efforts to ensure survival in the present adverse circumstances. In line with our overall strategy to offer venues for premium shopping in close collaboration with our clients, the retail chains, Vastned endeavours to give them the best possible service by finding them the right location.

Our property portfolio performed very well indeed. Vastned achieved good results in terms of rent reversions in lease renewals. Growth was 16%, while vacancy remained low at 3%.

Last year property investors invested over € 500 million in retail property. Top retail property yielded between 4% and 5%. The value of our property portfolio gained from the rent performance and lower yields, and at year-end showed a like-for-like increase of 2 %. The ratio of high street shops in the Belgian portfolio increased from 54% in 2011 to 56% in 2012.

BELGIUM
TOP 10 PROPERTIES

	As at 31 December 2012 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Brussels, city centre	42.3	2.6	100.0	11	8,194
2	Antwerp, city centre	38.6	2.1	99.1	11	3,802
3	Tielt-Winge, Retailpark Gouden Kruispunt	29.3	1.9	100.0	22	18,861
4	Vilvoorde, city centre and retail warehouses	19.4	1.6	92.1	15	15,619
5	Bruges, Steenstraat 80	17.7	1.0	100.0	2	2,058
6	Mechelen, city centre	14.4	0.9	82.7	3	3,309
7	Ghent, city centre	12.1	0.8	100.0	6	3,245
8	Leuven, Bondgenotenlaan 69-73	11.3	0.7	100.0	2	1,495
9	Namur, Place de l'Ange 42	10.7	0.8	89.2	12	2,331
10	Tongres, shopping centre Julianus	10.6	0.8	91.2	18	8,459
	Total	**206.4**	**13.2**	**96.5**	**102**	**67,373**


Gilda, Brussels centre


Inwear/Matinique, Antwerp centre

BELGIUM

TOP 10 TENANTS

AS AT 31 DECEMBER 2012

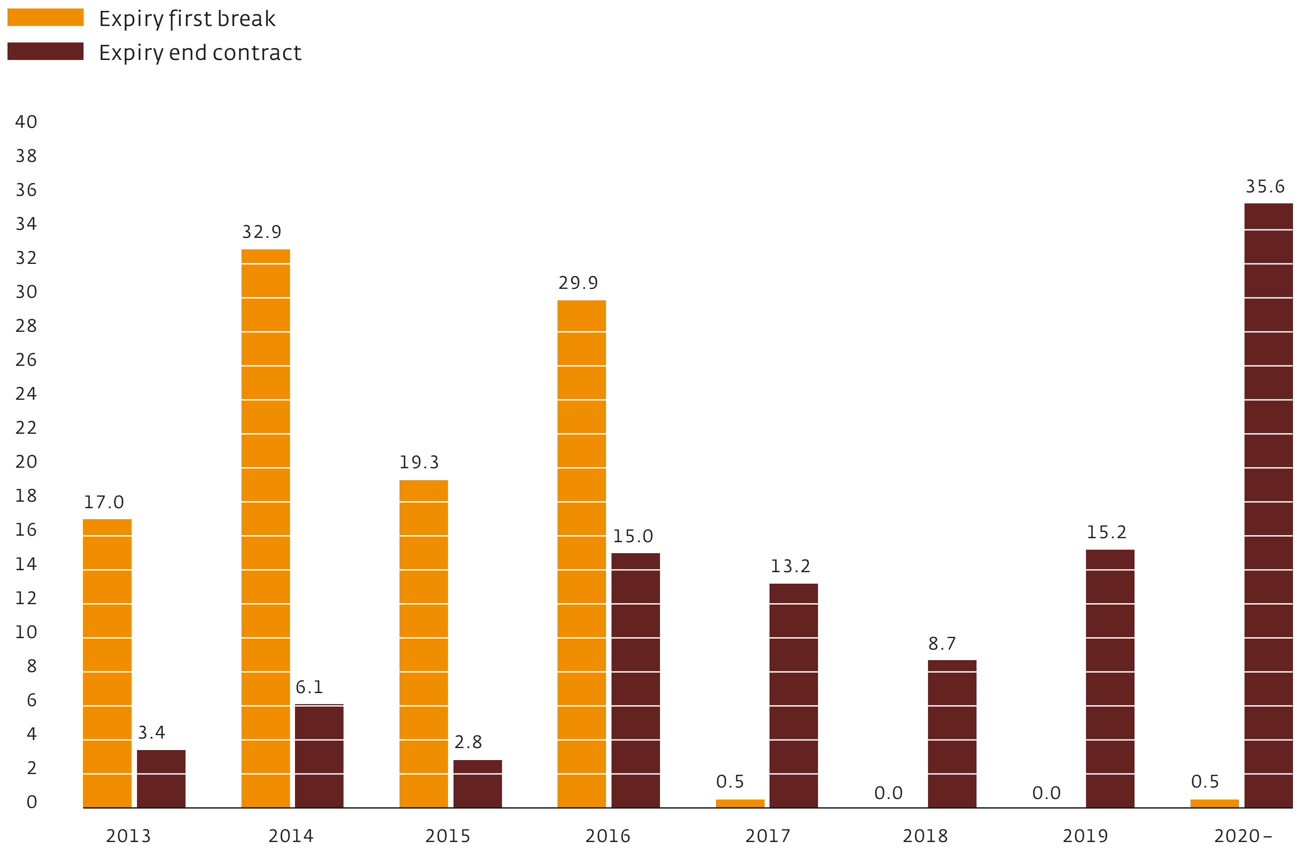
	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	2.7	12.4	6	10,147
2	Aldi	1.3	5.8	15	15,254
3	Inditex	1.2	5.6	2	3,007
4	Décor Heytens	1.2	5.4	15	10,901
5	Euro Shoe Unie	1.1	5.1	11	8,399
6	Maxeda	0.6	2.7	3	5,453
7	Blokker	0.5	2.5	7	5,408
8	InWear / Matinique	0.5	2.2	1	528
9	A.S. Watson	0.4	2.1	6	2,673
10	Vanden Borre	0.4	1.9	4	3,619
		9.9	**45.7**	**70**	**65,389**

EXPIRY DATES LEASE CONTRACTS

PROPERTY PORTFOLIO (in %)

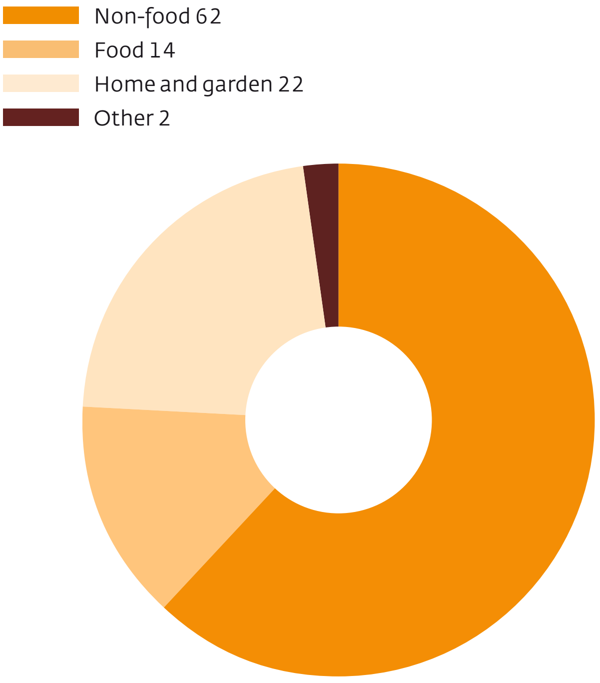
AS AT 31 DECEMBER 2012

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.8 years and based on end contract 6.8 years.



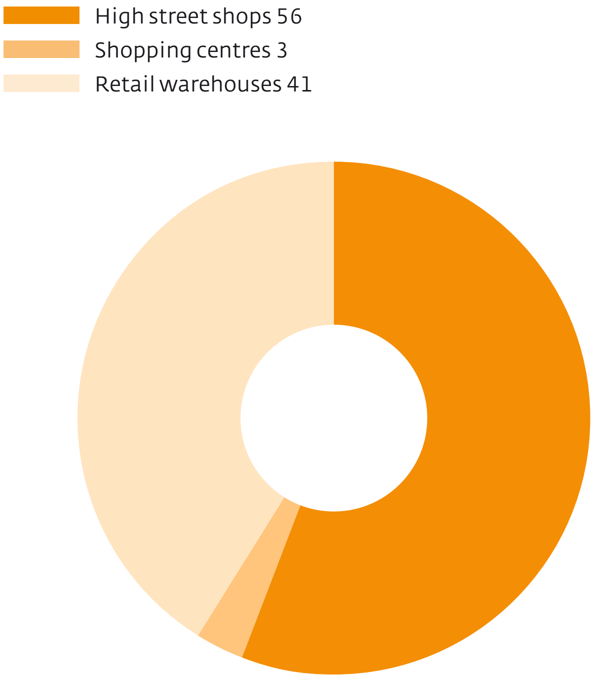
INDUSTRY SPREAD in %

AT YEAR-END 2012



SECTOR SPREAD in %

AT YEAR-END 2012



Company, Huidevettersstraat 12, Antwerp, Belgium


COMPANY
WOMEN'S WEAR

SPAIN
TOP 10 PROPERTIES

	As at 31 December 2012 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Madrid, Centro Comercial Madrid Sur	55.4	4.7	89.5	60	23,405
2	Madrid, Centro Comercial Las Rosas	42.8	3.9	95.6	88	8,254
3	Málaga, Centro Comercial La Rosaleda	40.2	5.0	90.4	67	15,336
4	Madrid, city centre	34.6	1.8	100.0	4	1,420
5	Alicante, Parque Vistahermosa	33.2	4.0	73.4	6	34,609
6	Badalona, Centro Comercial Montigalá	28.4	3.1	91.9	52	11,396
7	Madrid, Centro Comercial Getafe III	24.0	3.1	83.6	46	20,328
8	Burgos, Centro Comercial El Mirador	23.1	2.1	95.4	40	9,832
9	Murcia, Centro Comercial Las Atalayas	19.5	2.6	96.6	39	10,342
10	Castellón de la Plana, Calle Grecia 4	8.4	0.8	100.0	1	5,109
	Total	**309.6**	**31.1**	**89.9**	**403**	**140,031**

Pepe, Madrid centre

Centro Comercial Las Atalayas, Murcia

SPAIN

TOP 10 TENANTS

AS AT 31 DECEMBER 2012

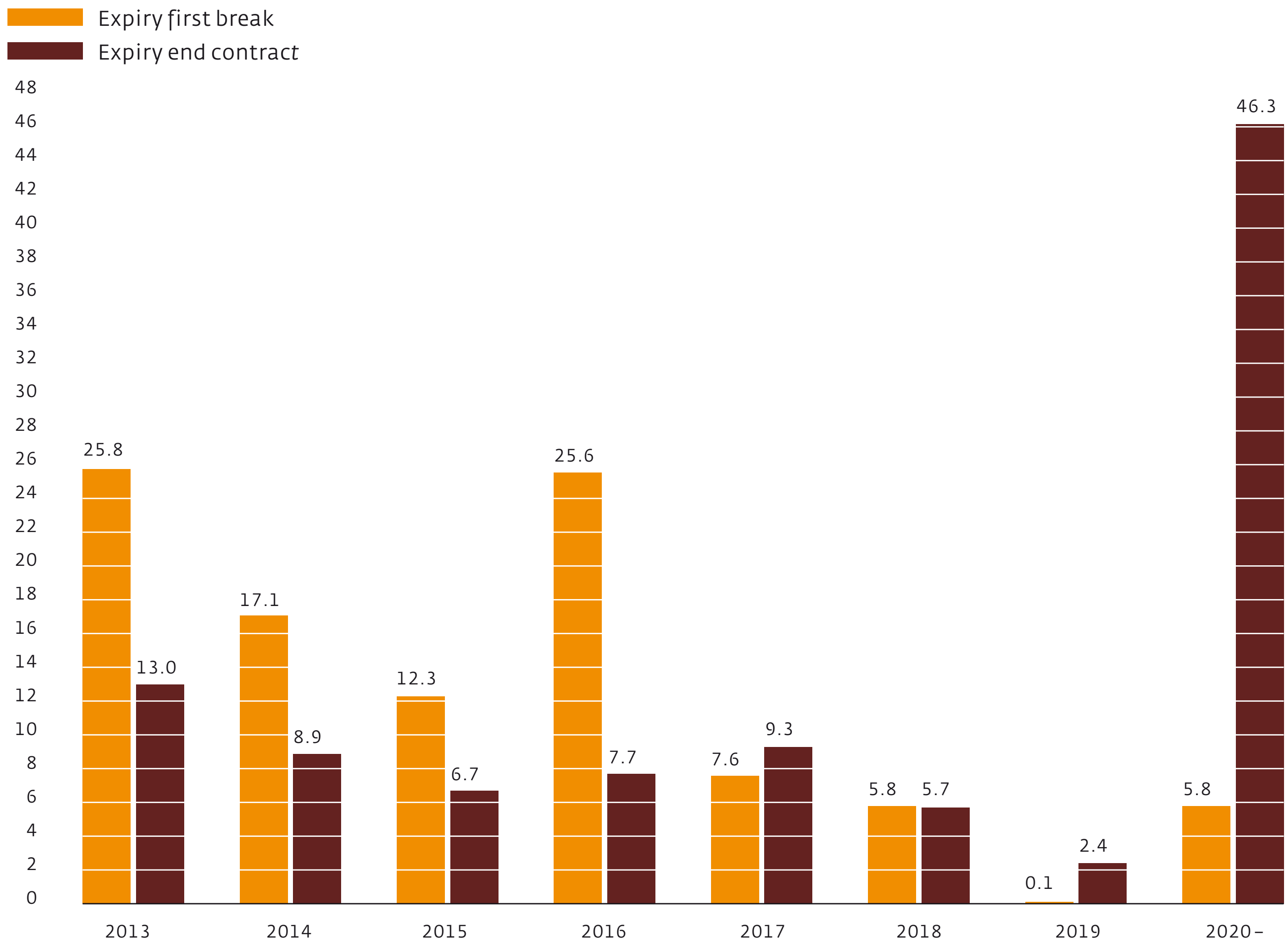
	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Leroy Merlin	1.6	5.9	2	10,934
2	Metro	1.5	5.5	2	9,462
3	Inditex	1.4	5.2	16	9,112
4	E. Leclerc	1.3	4.8	1	10,173
5	Grupo Cortefiel	1.0	3.8	14	3,860
6	Salvatore Ferragamo	1.0	3.8	1	587
7	Mc Donald's	0.8	3.0	6	3,090
8	Decimas	0.5	2.0	8	1,754
9	Metropolitan Sport	0.5	1.7	1	2,796
10	C&A	0.4	1.7	2	2,542
		10.0	**37.4**	**53**	**54,310**

EXPIRY DATES LEASE CONTRACTS

PROPERTY PORTFOLIO (in %)

AS AT 31 DECEMBER 2012

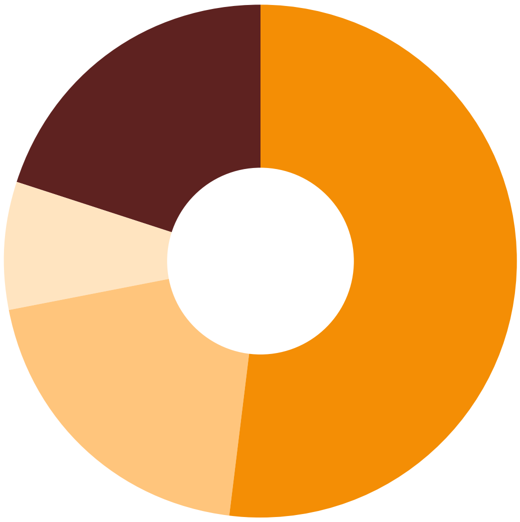
Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.8 years and based on end contract 9.0 years.



INDUSTRY SPREAD in %

AT YEAR-END 2012

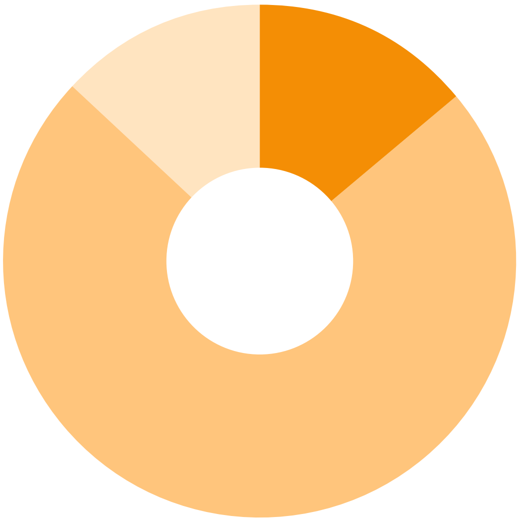
Non-food 52
Food 20
Home and garden 8
Other 20



SECTOR SPREAD in %

AT YEAR-END 2012

High street shops 14
Shopping centres 73
Retail warehouses 13



Salvatore Ferragamo, Calle Serrano 36, Madrid, Spain

THE SPANISH PROPERTY PORTFOLIO

Properties

As at year-end 2012 the Spanish property portfolio made up 16% of the total property portfolio. This property portfolio consists of medium-sized shopping centres (73%), high street shops (14%) and retail warehouses (13%). Its composition in terms of the investment product deviates from what is considered desirable under the renewed strategy. The composition grew historically in this manner.

Occupancy rate

Compared to the other countries in which Vastned operates, the Spanish economy is the most challenging. The economy expressly has its repercussions on the rental market. Retail chains are reconsidering their locations and are concentrating on the most attractive sites trying to adjust their rent levels to the lower levels of revenue. In spite of these conditions and thanks to the unrelenting efforts of our team of Spanish property specialists, the occupancy rate of the Spanish property portfolio remained high and at year-end 2012 was 90.1% (year-end 2011: 92.4%).

A key part of this decline in the occupancy rate is due to the expiry of two 'rental guarantees' for tenants in Parque Vistahermosa in Alicante. The average occupancy rate exhibited the same pattern and over 2012 was 90.5% (2011: 92.6%). There are major differences between sectors in terms of lettability. All high street shops, four in Madrid, one in Málaga and one in Leon are fully let. At year-end 2012, the shopping centres had an occupancy rate of 91.5%, while that of the retail warehouses was 77.6%.

In 2012, 49 leases (2011: 43) were terminated representing € 3.2 million (2011: € 3.4 million) in gross rental income. This was offset to a limited extent by the conclusion of 25 new leases (2011: 30) that accounted for € 1.2 million (2011: 3.6 million) in gross rental income. In 2012, the focus was on maintaining the occupancy rate of the property portfolio. Maintaining the current high occupancy rate keeps the appeal of the locations. In this context, lease discounts or other types of incentives are being offered to existing tenants during the tenancy period, as warranted.

Leasing activity

The average rent/sales ratio of our tenants rose to 11.8% in 2012 (2011: 11.4%). These sales levels are a determining factor in the rents retailers can afford to pay and consequently affect the volume and price level of the leasing activity. The volume of new leases and lease renewals amounted to 10.7% of the theoretical gross rental income (2011: 14.8%), representing a total of € 3.4 million (2011: € 5.1 million). The decline in volume was primarily attributable to the above-referenced lower volume of new leases. The rent of the newly concluded leases on average was 27.4% below the previous rent level (2011: 18.7%). Taking the lease incentives into account, the effective rental level of the new leases and lease renewals was 32.4% lower than the previous rent level (2011: 21.9% lower).

Key new leases in 2012 were as follows: the fitness club Dream Fit for 1,825 sqm and fashion chain Tino González for 326 sqm in Centro Comercial Madrid Sur in Madrid and the perfume chain Druni for 363 sqm in Centro Comercial Montigalá in Badalona.

Examples of lease renewals include: the jewellery chain Claires for 59 sqm in Centro Comercial Getafe III in Madrid and for 96 sqm in Centro Comercial Montigalá in Badalona, the shoe specialist shop Crocs for 120 sqm at Calle Fuencarral 25 in Madrid and the cosmetics chain Yves Rocher for 153 sqm in Centro Comercial Las Rosas in Madrid.

Lease incentives
The lease incentives on leases amounted to 6.6% of the gross rental income (2011: 6.3%). This includes incentives agreed on when a lease is signed, as well as incentives granted as a concession to tenants in existing situations. Flexibility in relation to granting such incentives is essential in the struggle against vacancy. The incentives are of a temporary nature and the underlying leases include turnover rent clauses so that in the event of increasing retail sales, Vastned also benefits from this.

Tenants
The 10 largest tenants account for 37.4% of the total theoretical rental income in Spain. This rental income is obtained from 53 retail units, which guarantees a good spread.

Market rent
On average, the Spanish property portfolio was let at 8.9% above market level (2011: 8.3% above market level). This leasing above market rent usually results in lower average rental levels at the time of reletting.

Lease expiry dates
The graph on page 64 shows the expiry dates of the leases. The average term of the leases in the Spanish property portfolio, measured up to the end of the lease, is 9.0 years (2011: 9.7 years). Based on the first termination option, the average duration is 2.8 years (2011: 2.8 years).

Acquisitions
There were no acquisitions in Spain in 2012.

Disposals
One shop was sold in 2012 for € 3.3 million. This concerned a retail property in Barcelona at Ronda de la Universitat 35. The buyer was the existing tenant. The sales result was € 0.3 million positive.

Value movements investment properties
The value movements investment properties in 2012 totalled € 91.7 million negative (2011: € 11.6 million negative). The net yield at year-end 2012 was 9.3% (year-end 2011: 7.7%). The value movements for other property investments amounted to € 88.5 million negative. The negative value movement for high street shops was limited to € 3.2 million.

LUIS VILA BARRÓN , COUNTRY MANAGER SPAIN

For the Spanish economy 2012 may have been the worst year in living memory, with devastating results for the retail trade. Consumption fell sharply due to high unemployment, government cutbacks and tax increases. Only the very best investments can weather such storms. Shops in city centres in fact are performing exceptionally well, with very low vacancy and rising rents. But secondary shopping centres are struggling, with between 20% and 25% of units being vacant.

In view of the economic decline and the general situation, the occupancy rate was the key challenge in Spain in 2012. It had to be kept as high as possible. Despite the economic adversity, our Spanish team managed to keep the occupancy rate at 90.5% (2011: 92.6%).

Many new leases and lease renewals were concluded: 25 new leases and 63 renewals. Among the new leases were: Tino González in shopping centre Madrid Sur, Toy Factory in shopping centre Rosaleda, Druni in shopping centre Montigalá, and Green in Madrid Sur and Las Rosas.

Our main feat, however, was the new lease with Dream Fit, a fitness club, in centro comercial Madrid Sur (1,825 sqm). Accommodating the fitness club in the property required considerable work, but this also increased the gross lettable area by 500 square metres. Another recent highlight was the lease renewal with Crocs in Calle Fuencarral at a 10% rent increase.

Our sharp focus on our tenants that is bearing fruit, in conjunction with a number of other measures, such as improving the operational efficiency of properties by reducing energy use and service costs, and a general focus on sustainability, has enabled us to provide even better services to our clients, the retailers.

THE TURKISH PROPERTY PORTFOLIO

Properties

Vastned's strategy in Turkey has a highly specific focus solely to the very best high street shops in Istanbul. This property portfolio at year-end 2012 consisted of nine high street shops at ultimate A1 locations (6% of the total property portfolio). Of the nine high street shops, five are located on Istiklal Caddesi, two on the Bahariye Caddesi, one on Istasyon Caddesi and one on Abdi İpekçi Caddesi. The total lettable floor area is 13,075 sqm, of which 5,275 sqm is in pipeline. Vastned's strategic aim is to expand the Turkish property portfolio to approximately 10% of the total property portfolio. In most instances, Vastned acquired its investments vacant and has adapted the retail spaces to the modern standards demanded by retailers nowadays. Vastned generally manages to attract first class tenants from its international network.

Occupancy rate

The occupancy rate of the high street shops in operation at year-end 2012 was 100.0% (year-end 2011: 100.0%). The average occupancy rate in 2012 was 100.0% (2011: 96.0%).

Leasing activity

Two leases representing a value of € 2.5 million in gross rental income were concluded in 2012 (2011: € 2.4 million). These leases were concluded well above the previous or expected rental level (21%). 3,300 sqm was let at Istiklal Caddesi 85 in Istanbul to fashion giant H&M. This unique retail property is expected to be handed over to H&M in the second quarter of 2013. In addition, a total of 170 sqm of the high street shop at Istiklal Caddesi 119 have been let to the Turkish telecom specialist Turkcell.

Lease incentives

The lease incentives on rental agreements were 2.2%.

Tenants

Most of the current tenants can be categorised as national or international retailers of high standing. The five largest tenants account for 93.8% of the total gross rental income.

Market rent

For each external appraisal, the appraiser is asked to render an opinion on the market rent level. On average, the Turkish property portfolio was let at 3.4% below market level (2011: 13.4%). Due to outstanding efforts of the Vastned-team in Turkey the rental income improved significantly. In addition the high street shop at Istiklal Caddesi 161 is taken into operation, leased to the strong fashion chain Zara.

Lease expiry dates

In Turkey, leases are usually concluded for a period of five years. Following the expiry of the leases there are ample opportunities for making adjustments designed to approach market level rent. The graph on page 76 shows the expiry dates of the Turkish property portfolio. The average term of the leases is 13.8 years (2011: 10.0 years). The increase in the average term is due to the above-referenced letting of the high street shop at Istiklal Caddesi 85 to H&M. The average time remaining until the tenant's next termination date is 2.7 years (2011: 2.1 years).

Acquisitions

A single acquisition for a total of € 14.8 million took place in 2012. This concerned a high street shop on Istasyon Caddesi 27 comprising 2,000 sqm retail space. The rental income amounts to € 0.9 million per year.

Investment properties in pipeline

Istiklal Caddesi 85

This investment property is currently being radically renovated. The renovation will result in a large modern high street shop for the tenant H&M. The expected handover date is in the second quarter of 2013.

Abdi Ipekçi Caddesi 41

Demolition of this building commenced in the last quarter of 2012 after which it will be completely rebuilt in accordance with current standards. The building is expected to be completed by the end of 2013.

Value movements in investment properties

The value movements in 2012 totalled € 2.4 million positive (2011: € 3.4 million positive). The net yield at year-end 2012 was 5.7% (year-end 2011: 5.1%).

BORA KARLI, COUNTRY MANAGER TURKEY

The Turkish retail market continues to grow driven by the growing purchasing power per head of population and the development of a modern and well-organised retail sector. In 2012, retail sales reached some € 240 billion. The market is expected to continue to grow at 10% per year until 2016. In 2012, retail sales rose by 20%.

The Turkish property market experienced another year of growth. The total lettable floor space was over eight million square metres, and is expected to rise to ten million square metres by year-end 2013. Shopping centres are multiplying: in 2012 there were already 330 and in five years an expected 450.

Two major new leases were signed in 2012 by Vastned. One of the main properties in our Istanbul portfolio – Istiklal Caddesi 85, with 3,300 square metres of gross lettable floor area – was leased for twenty years to leading fashion chain H&M. This is H&M's first shop in a major shopping street in Turkey. It is designed as a flagship store, and is expected to open for business in the second quarter of 2013. For Istiklal Caddesi 161 (2,800 square metres of gross lettable floor area) a long-term lease was agreed with leading fashion chain Zara. Zara opened its first shop on the busiest street of the country in February 2013.

Furthermore, the retail unit at Istiklal Caddesi 119 has a new tenant, leading telecom company Turkcell, at a 10% rent increase. In December 2012 we acquired Istasyon Caddesi 27. The total value of the Turkish property portfolio is now € 127 million, and rapidly approaching our € 200 million target.

The Turkish portfolio consists entirely of retail property located on Istanbul's major shopping streets. In line with Vastned's strategy of venues for premium shopping, Vastned Turkey intends to acquire property only on the five major shopping streets of this metropolis. Supported by the Board of Management in the Netherlands, our Turkish team closely follows market developments and is constantly on the lookout for new interesting properties. The team also devotes much time and energy to client management in order to form close relationships with present and potential future tenants.

TURKEY
TOP 5 PROPERTIES

	As at 31 December 2012 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Istanbul, Istiklal Caddesi 161	34.7	2.3	100.0	1	3,010
2	Istanbul, Istiklal Caddesi 85[1)]	28.2	2.1	100.0	1	3,300
3	Istanbul, Abdi İpekçi Caddesi 41[1)]	17.9	1.4	N/A	–	1,975
4	Istanbul, Istasyon Caddesi 27	14.7	1.0	100.0	1	2,000
5	Istanbul, Istiklal Caddesi 18	12.0	0.5	100.0	1	1,170
	Total	**107.5**	**7.3**	**100.0**	**4**	**11,455**

1 Investment property in pipeline

Zara, Istiklal Caddesi 161, Istanbul

Top shop, Istiklal Caddesi 18, Istanbul

TURKEY

TOP 5 TENANTS

AS AT 31 DECEMBER 2012

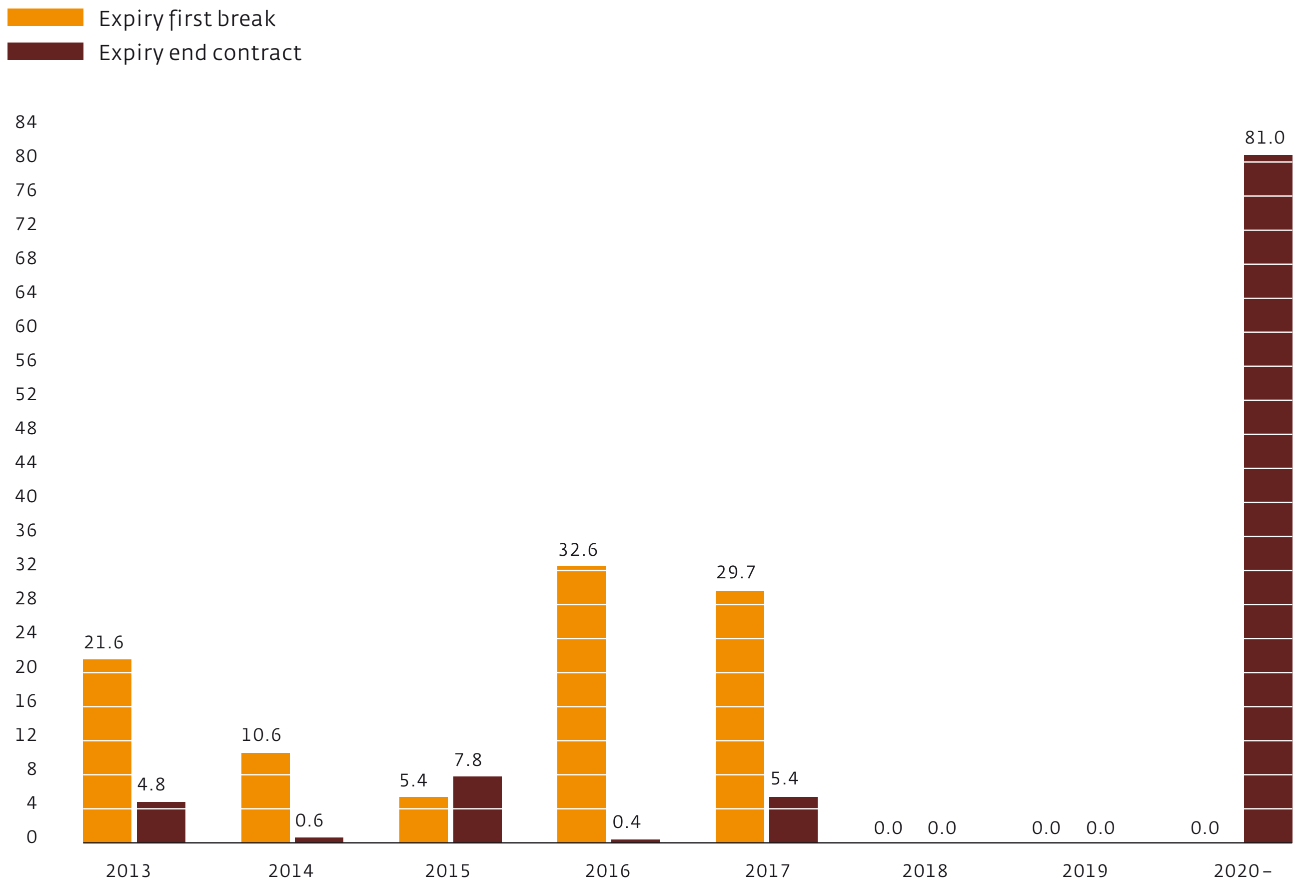
	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Inditex	2.3	32.3	1	3,010
2	H&M	2.1	29.7	1	3,300
3	LC Waikiki	1.0	13.8	1	2,000
4	Turkcell	0.7	10.2	2	700
5	Top Shop	0.5	7.8	1	1,170
		6.6	**93.8**	**6**	**10,180**

EXPIRY DATES LEASE CONTRACTS

PROPERTY PORTFOLIO (in %)

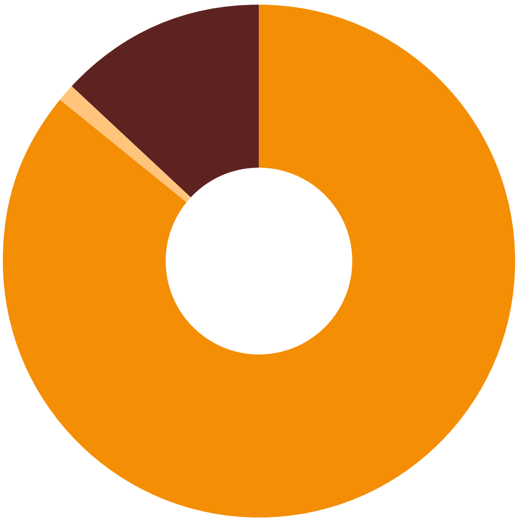
AS AT 31 DECEMBER 2012

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.7 years and based on end contract 13.8 years.



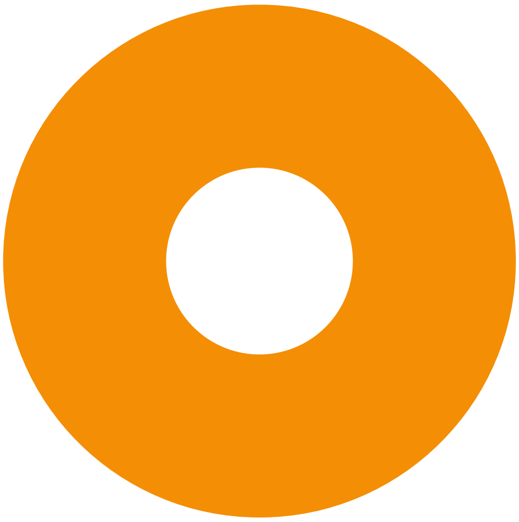
INDUSTRY SPREAD in %
AT YEAR-END 2012

Non-food 86
Food 1
Other 13



SECTOR SPREAD in %
AT YEAR-END 2012

High street shops 100



PORTUGAL

THE PORTUGUESE PROPERTY PORTFOLIO

Properties

The Portuguese property portfolio comprises nine high street shops (1% of the total portfolio), which are for the most part let to the chain of opticians MultiOpticas.

Occupancy rate and leasing

This property portfolio was fully let during 2012. No letting movements took place.

Value movements in investment properties

External appraisals have resulted in a value movement of € 0.2 million negative (2011: € 0.1 million positive). The net yield at year-end 2012 was 8.4% (year-end 2011: 7.2%).

REVIEW OF THE 2012 FINANCIAL RESULTS

2012 INVESTMENT RESULT ATTRIBUTABLE TO VASTNED SHAREHOLDERS

The investment result decreased from positive € 96.1 million in 2011 to negative € 41.0 million in 2012. The key reason for this decline is the indirect investment result that amounted to negative € 103.5 million (2011: positive € 29.1 million) in 2012 primarily due to the downward valuations of the Spanish property portfolio amounting € 91.7 million. The direct investment result amounted to € 62.5 million (2011: € 67.0 million).

Direct investment result

The direct investment result decreased from € 67.0 million in 2011 to € 62.5 million in 2012. In terms of the net rental income, the positive contribution of the net acquisitions was wiped out by the negative like-for-like growth in the Spanish property portfolio. In addition, there was an increase in general expenses. This increase on the one hand is due to the inability to pass on part of the general expenses to VastNed Offices/Industrial as a result of the termination of the partnership agreement in 2011. On the other hand, there was a (partially one-time) charge related to personnel costs and extra consulting and PR costs related to the renewed strategy. Furthermore, the current income tax expense over the reporting period increased as a result of the amended tax legislation in Spain effective 1 January 2012.

Indirect investment result

The indirect investment result realised in 2012 was negative € 103.5 million (2011: positive € 29.1 million). This was primarily due to a 6.2% decrease in the value of the property portfolio in 2012 in comparison to its 2012 initial value. The largest decline occurred in the Spanish property portfolio, which declined by 22.4%. The difficult economic conditions in Spain in part resulted in lower market rent levels and higher yields than in 2011. The Dutch and French property portfolios decreased by 3.8% and 2.8% respectively. In Belgium and Turkey, the property portfolios rose in value by 1.9% and 2.3% respectively compared to the 2012 initial values.

A breakdown by sectors shows that the value of high street shops on average rose by 1.3% and that the value of other investments declined by 13.5%. The decline in the value of the Dutch and French property portfolios primarily occurred in the other investment categories.

As a result of these value trends, after deduction of the part attributable to non-controlling interest in the amount of € 1.2 million, the indirect investment result amounted to negative € 103.5 million, taking into account the positive result from sales in the amount of € 1.2 million, a release from the provision for deferred tax liabilities in the amount of € 17.7 million as a result of the decrease in value of the Spanish property portfolio and the negative value movements of financial derivatives that under the IFRS are not designated as an effective hedge in the amount of € 1.4 million.

DEVELOPMENT NET RENTAL INCOME

HIGH STREET SHOPS (x € 1 million)

	Netherlands	France	Belgium	Spain	Turkey	Portugal	Total
Gross rental income 2011	27.5	14.9	10.0	2.3	1.5	1.0	57.2
Acquisitions	0.7	1.1	0.6	–	0.1	–	2.5
Taken into operation	–	–	–	–	0.4	–	0.4
Disposals	(1.6)	(0.3)	–	(0.1)	–	–	(2.0)
Like-for-like rental growth	-	0.8	0.3	–	0.1	–	1.2
Gross rental income 2012	26.6	16.5	10.9	2.2	2.1	1.0	59.3
Operating expenses	(4.1)	(1.4)	(1.3)	(0.2)	(0.2)	–	(7.2)
Net rental income 2012	22.5	15.1	9.6	2.0	1.9	1.0	52.1
Operating expenses in % of gross rental income:							
– in 2012	15.6	8.7	10.8	8.0	8.5	4.7	12.1
– in 2011	16.2	8.4	7.7	6.7	20.3	11.6	12.3

OTHER INVESTMENT PROPERTIES (x € 1 million)

	Netherlands	France	Belgium	Spain	Turkey	Portugal	Total
Gross rental income 2011	25.1	11.3	11.3	27.5	0.1	–	75.3
Acquisitions	0.9	–	–	–	–	–	0.9
Taken into operation	–	–	–	–	–	–	–
Disposals	(0.2)	–	–	–	(0.1)	–	(0.3)
Like-for-like rental growth	0.3	0.1	0.1	(2.2)	–	–	(1.7)
Gross rental income 2012	26.1	11.4	11.4	25.3	–	–	74.2
Operating expenses	(3.2)	(1.0)	(1.1)	(5.3)	–	–	(10.6)
Net rental income 2012	22.9	10.4	10.3	20.0	–	–	63.6
Operating expenses in % of gross rental income:							
– in 2012	12.0	8.4	10.4	21.1	–	–	14.3
– in 2011	13.8	9.5	8.6	15.7	22.1	–	13.1

TOTAL (x € 1 million)

	Netherlands	France	Belgium	Spain	Turkey	Portugal	Total
Gross rental income 2011	52.6	26.2	21.3	29.8	1.6	1.0	132.5
Acquisitions	1.6	1.1	0.6	–	0.1	–	3.4
Taken into operation	–	–	–	–	0.4	–	0.4
Disposals	(1.8)	(0.3)	–	(0.1)	(0.1)	–	(2.3)
Like-for-like rental growth	0.3	0.9	0.4	(2.2)	0.1	–	(0.5)
Gross rental income 2012	52.7	27.9	22.3	27.5	2.1	1.0	133.5
Operating expenses	(7.3)	(2.4)	(2.4)	(5.5)	(0.2)	–	(17.8)
Net rental income 2012	45.4	25.5	19.9	22.0	1.9	1.0	115.7
Operating expenses in % of gross rental income:							
– in 2012	13.8	8.5	10.6	20.1	8.5	4.7	13.3
– in 2011	15.0	8.8	8.5	15.1	18.8	10.0	12.8

Gross rental income

The total gross rental income rose from € 132.5 million in 2011 to € 133.5 million in 2012. This increase is further specified for each country in the table on page 80.

Acquisitions and taken into operation (€ 3.8 million increase)

Vastned, through means of acquisitions in The Netherlands, France and Turkey and the taking into operation of a pipeline object in Istanbul has managed to increase its gross rental income by € 3.8 million compared to 2011.

€ 1.6 million of this increase is related to the additional rental income derived from the acquisitions made in the Netherlands in 2011 and 2012. A large share (approximately € 1.2 million) concerns additional rental income from retail properties acquired in 2012 in Amsterdam, The Hague, Zwolle, Almere and 's-Hertogenbosch. Aside from this, the Walburg shopping centre in Zwijndrecht acquired in March 2011, contributed the remaining € 0.4 million in growth in gross rental income in the Netherlands.

In France, the acquisition of high street shops contributed substantially to the growth of the gross rental income in 2012. Rental income in France increased by € 1.1 million as a result of the acquisition of no less than 14 high street shops in the centre of Bordeaux in 2011 and 2012 and the acquisition of a high street shop on the Rue de Rivoli in Paris in November 2012. The Galerie 'Jardin d'Harskamp' in Namur acquired in October 2011 accounted for a € 0.6 million increase in gross rental income in Belgium.
In Turkey, gross rental income rose by € 0.5 million as a result of the acquisition of a high street shop on the Istasyon Caddesi, Istanbul in November 2012 and as a result of putting the property acquired in 2010 at Istiklal Caddesi 161, Istanbul into operation. This property, which after a drastic renovation was converted into a beautiful shopping location, was handed over to Zara, the tenant contracted in 2011, in the fourth quarter of 2012.

Disposals (€ 2.3 million decrease)

The decrease in gross rental income in 2012 due to disposals was for the most part (€ 1.8 million) due to the sale of a large number of individual retail properties in the Netherlands at the beginning of 2011 and during 2012 that were no longer consistent with the property portfolio. In addition, Roermond Retail Park was sold in December 2012. Gross rental income in France declined by € 0.3 million as a result of the sale of the property Boulevard Saint-Germain 104 in Paris.

Like-for-like growth (€ 0.5 million decrease)

The total like-for-like growth in the gross rental income was negative € 0.5 million. This was due to the € 2.2 million lower gross rental income in Spain due to the difficult economic conditions and the associated lower rental levels as a means of keeping the occupancy rate at a high level. In spite of the adverse economic climate, the average occupancy rate of the Spanish property portfolio was 90.5% in 2012 (2011: 92.6%).

In all other countries, the like-for-like growth in gross rental income was positive. Gross rental income in France increased by € 0.9 million as a result of indexation and an improvement in rent levels due to leasing activity. A good improvement in rents in the amount of € 0.4 million was also realised in Belgium due to indexation and improvements in rents.

The like-for-like growth in the Dutch property portfolio amounted to € 0.3 million and in the Turkish property portfolio it was € 0.1 million. In the Netherlands, the increase due to indexations and improvements in rents was largely nullified by the increased vacancy rate and the lease discounts provided.

Operating expenses (including ground rents paid and net service charge expenses)

Operating expenses, expressed as a percentage of gross rental income, increased from 12.8% to 13.3%, and consequently amounted to € 17.8 million (2011: € 16.9 million). The increase is primarily due to higher net service charge expenses particularly in the Spanish property portfolio. The relatively lower operating expenses in 2012 in the Netherlands are primarily attributable to the higher maintenance costs in 2011 related to the fire safety requirements. In Turkey and Portugal, operating expenses declined due to leasing fees, granted in 2011, related to the letting transaction with Zara for the property on the Istiklal Caddesi in Istanbul and the letting transaction with the optician chain Multi Opticas for the nine high street shops in Portugal.

Value movements investment properties

The total value movements investment properties in 2012 totalled negative € 122.2 million (2011: positive € 32.4 million). This represents a decrease of approximately 6.2% in comparison to the initial value in 2012. As indicated, the decline primarily occurred in the Spanish property portfolio and to a lesser extent in the Dutch and French property portfolios.

In Spain, the decrease in value of 22.4% was primarily due to the declining (market) rent levels and the higher yields for the units in the shopping centres. The decline in value of the Dutch and French property portfolios was 3.8% and 2.8% respectively and was for the most part related to 'other investment properties'. The high street shops in the Netherlands stayed virtually the same with a decline in value of 0.7%. By contrast, the value of the high street shops in France rose by 4.1%.

The Belgian portfolio increased in value by 1.9% compared to its initial value. The Galerie 'Jardin d'Harskamp' Namur retail property acquired in 2011 and the property Gouden Kruispunt in Tielt-Winge were the main contributors in this respect.

In Turkey, the Istiklal Cadsesi 161 property, Istanbul, was handed over to its tenant Zara at the end of 2012 after a drastic renovation and was put into operation in the fourth quarter of 2012. This property, as well as all other properties in Turkey contributed to the 2.3% increase in value.

Net result on disposals of investment properties

In 2012, (non-core) retail investments were sold at € 145.5 million. € 101.3 million of these disposals are related to the Dutch property portfolio, and aside from the Roermond Retail Park, involve individual (non-core) retail properties. In France, € 29.6 million in (non-core) retail investments were sold, including the Plaisir-Sablons shopping centre and the Boulevard Saint-Germain property in Paris. The disposals in Belgium and Spain amounted to € 11.3 million and € 3.3 million respectively. The net result of the sales realised in 2012, after the deduction of sales costs, amounted to positive € 0.7 million. Additionally a positive result of € 0.5 million was booked on Shopping Parc Olen which was sold in 2009.

In addition, a book profit of over € 2.0 million was realised at the end of 2012 due to the sale of 350,000 Intervest Retail shares at € 46.50 per share. This book profit is recognized directly in equity.

EXPENSES

Net financing costs

The net financing costs, including the value movements of financial derivatives, increased from € 33.8 million in 2011 to € 37.2 million in 2012. The table below details the calculation of the net financing costs.

Development of net financing costs

	(x € 1 million)
Net financing costs 2011	33.8
Increase due to net acquisitions	0.7
Capitalised interest on investment properties in pipeline	0.1
On-balance decrease as a result of changes in the short-term market rate of interest, higher interest rate spreads and changes in fixed/variable and working capital	(0.1)
Value movements interest rate derivatives	2.7
Net financing costs 2012	**37.2**

The average interest rate over the interest-bearing loan capital as a whole decreased from 4.2% to 4.1%. In spite of the lower 3-month Euribor rate compared to 2011, the decrease was limited due to the fact that in comparison to 2011 a relatively larger share of the loan portfolio was financed on the basis of a fixed interest rate.

The interest-rate derivatives not classified as a full hedge under IFRS (swaps) exhibited a net decrease in value as a result of the decrease in the long-term market interest rate in 2012.

General expenses

The general expenses rose from € 7.1 million in 2011 to € 8.9 million in 2012. This increase on the one hand is attributable to the inability to pass on part of the general expenses to VastNed Offices/Industrial as a result of the termination of the partnership agreement in 2011. On the other hand, there was a (partially one-time) increase in expenses related to personnel costs and extra consulting and PR costs related to the renewed strategy.

Current income tax expense

The current income tax expenses were € 1.7 million (2011: € 0.1 million). The increase is due to the amended tax legislation in Spain. In the first quarter of 2012, it became known that effective 1 January 2012 the interest expenses in Spain would no longer be fully tax deductible due to this amendment. To limit the impact resulting from this, Vastned has decided to opt for the so-called Spanish SOCIMI regime. A key characteristic of this regime is that under conditions that are somewhat comparable to the Dutch fiscal investment institution (FBI) regime the corporate income rate is lowered from 30% to 19%. Applying this regime made it possible to reduce the adverse effect of the interest deduction constraint on the tax burden by 40%, which consequently amounted to only € 1.6 million.

Movement in deferred tax assets and liabilities

The movements in deferred tax assets and liabilities in 2012 totalled positive € 17.7 million (2011: negative € 0.6 million). The decline in value of the Spanish property portfolio on balance resulted in a release of the deferred tax liabilities in the amount of € 18.2 million. This was offset by an increase in the deferred tax liabilities in the amount of € 0.4 million in Turkey. Value movements in the Dutch and in most of the Belgian and French property portfolios did not lead to movements in deferred tax assets and liabilities due to the application of tax-friendly regimes.

Investment result attributable to non-controlling interests

The investment result of € 5.5 million (2011: € 12.8 million) attributable to non-controlling interests comprises the direct and indirect investment result attributable to non-controlling interests of positive € 6.7 million (2011: positive € 6.4 million) and negative € 1.2 million (2011: positive € 6.4 million) respectively.

The direct investment result attributable to non-controlling interests consisting on the one hand of the direct investment result of Intervest Retail, in which Vastned Retail has a 65.5% interest, and on the other hand, of the direct investment result of the Het Rond limited partnership in Houten, in which VastNed Retail has a 50% interest, increased by € 0.3 million. This increase is primarily due to the increased interest of the non-controlling interests in Intervest Retail as a result of the sale of 350,000 shares in Intervest Retail in November 2012. Vastned's interest declined from 72.4% to 65.5% as a result of this sale.

The indirect investment result attributable to non-controlling interests declined by € 7.6 million. € 4.1 million of this decrease was related to the less positive value movements of the Intervest Retail property portfolio and the previously mentioned increase in the interest of non-controlling interests in Intervest Retail. The remaining € 3.5 million decrease is related to the negative value movements of the Het Rond shopping centre in Houten.

INVESTMENT RESULT PER SHARE

The average number of Vastned shares in issue at approximately 18.9 million was somewhat higher than it was in 2011 (2011: 18.6 million) due to the payment of the stock dividend in 2012. The investment result per share was negative € 2.17 (2011: positive € 5.17). This result comprises the direct investment result per share of € 3.31 (2011: € 3.61) and the indirect investment result per share of negative € 5.48 (2011: positive € 1.56).

The direct investment result per share developed as follows:

	(x € 1)
Direct investment result 2011	3.61
Like-for-like growth in net rental income	(0.09)
Increase as a result of acquisitions after deduction of interest expenses	0.06
Decrease as a result of disposals after deduction of interest income	(0.02)
Taking into operation of investment properties in pipeline	0,02
Capitalised interest on investment properties in pipeline	(0.01)
Net increase in financing costs due to changes in the short-term interest rate, interest rate spreads, the ratio of fixed/variable and working capital	-
Increase in general expenses	(0.10)
Increase in current income tax expense	(0.09)
Decrease due to increase in number of shares in issue due to stock dividend	(0.06)
Decrease due to higher allocation to non-controlling interests	(0.01)
Direct investment result 2012	**3.31**

FINANCING STRUCTURE

Financing is a key pillar in Vastned's strategy. Vastned aims for a conservative financing structure that among other things includes a loan-to-value ratio of between 40 and 50% and a broadening of financing sources, for example by acquiring long-term bond loans with investors (private placement bonds). The duration of the long-term loan portfolio is furthermore extended via these private placements. In addition, Vastned attempts to spread the financing across multiple financiers. The existing interest rate policy of fixing the interest rate of approximately two thirds of the loans portfolio will be continued.

The placement of a € 50.0 million private placement bond was completed at the beginning of 2012. € 25.0 million of this private placement has a seven-year term at 4.88% and € 25.0 million has an eight-year term at 5.06%. In October 2012, a new loan in the amount of € 31.0 million with a three-year term was acquired. With this new loan, provided by BNP Paribas, Vastned has realised a further spread across multiple lenders.

As at 31 December 2012, Vastned's balance sheet showed a sound financing structure with a loan-to-value ratio of 43.9% (year-end 2011: 43.1%) and a solvency ratio – calculated as group equity plus deferred tax liabilities divided by the balance sheet total – of 51.7% (year-end 2011: 52.6%).

As at 31 December 2012, the loan structure was as follows:
- The total outstanding interest-bearing loan amount was € 869.2 million (year-end 2011: € 916.7 million);
- 77.8% of the outstanding loans were long-term with a weighted average duration based on contract expiry dates of 3.5 years;
- A good spread of the expiry dates of the long-term loans, of which an amount of € 115.5 million will expire in 2013 (recognised under short-term liabilities);
- 78.0% of the outstanding loans had a fixed interest rate, mainly through the use of interest rate swaps and the private placement bonds placed in 2010 and 2012;
- A good spread of interest-rate revision dates with a weighted average duration of 3.9 years;

- The average fixed interest rate, taking into account the agreed interest-rate swaps and the private placement bonds negotiated in 2010 and 2012, was 4.8%;
- 22.0% of the outstanding loans had a floating interest rate;
- Due to the relatively low yield curve, the negative value of the interest-rate swaps (excluding deferred tax assets and liabilities) slightly increased from € 45.5 million to on balance € 50.4 million, and;
- The unused credit facilities amounted to € 154.8 million.

With a solvency ratio of 51.7% and an interest coverage ratio of 3.0, Vastned meets the requirements of all financing agreements with banks. A solvency ratio of at least 45% applies to all financing agreements and an interest coverage ratio of 2.0 to 2.5 is generally required. A negative pledge applies to most of the financing agreements, with a limited threshold for providing securities.

Loan portfolio

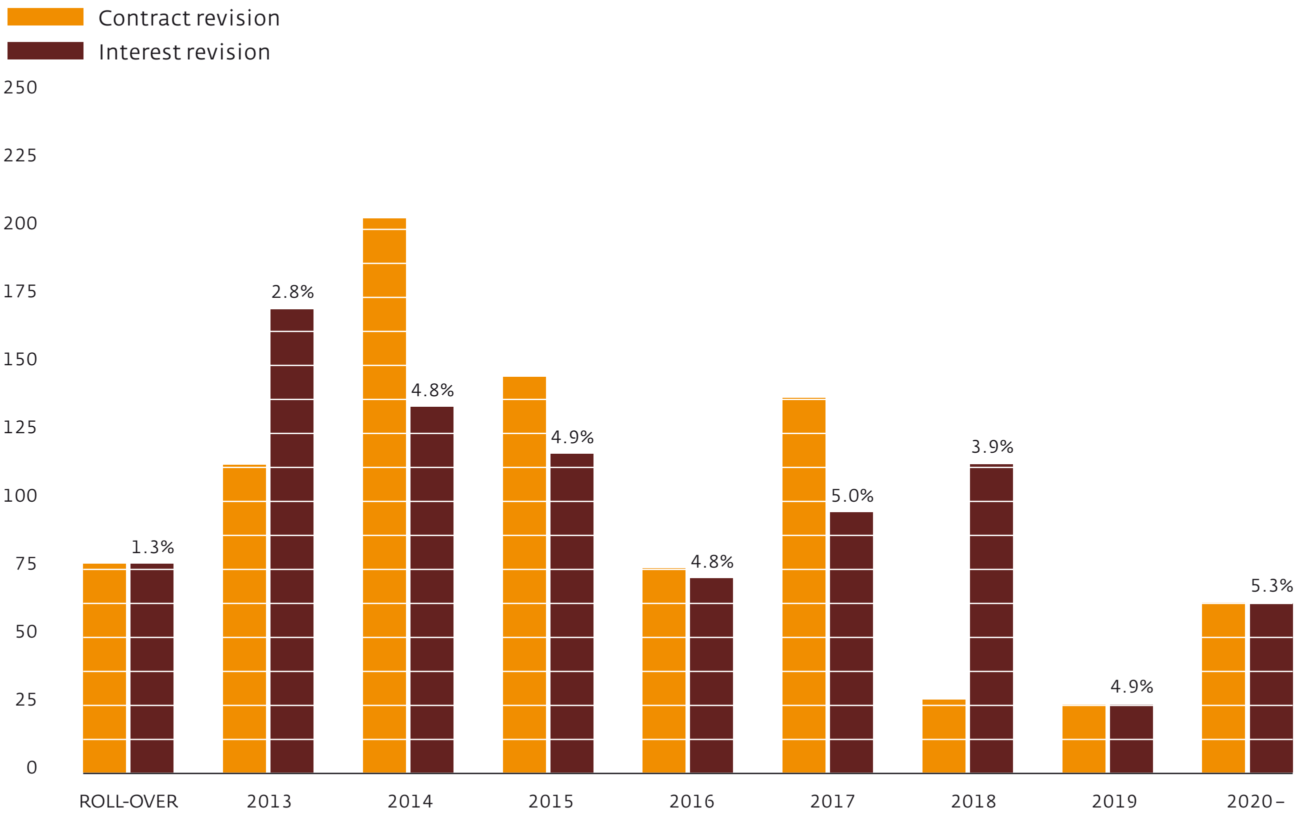
At year-end 2012 (x € 1 million)

	Fixed interest [1]	Floating interest	Total	% of total
Long-term debt	562.4	114.2	676.6	77.8
Short-term debt	115.6	77.0	192.6	22.2
	678.0	191.2	869.2	100.0
% of total	78.0	22.0	100.0	

1 Interest-rate derivatives taken into account

CONTRACT AND INTEREST REVISION RISKS LOAN PORTFOLIO INCLUDING AVERAGE INTEREST RATE (x € 1 million)

AT YEAR-END 2012



DIVIDEND POLICY AND PROPOSAL

Vastned will submit a new dividend policy to the Annual General Meeting of Shareholders of 19 April 2013 to be put to a vote. The reason for this is that an evaluation showed the dividend policy to be no longer in conformance with market conditions and to be no longer consistent with Vastned's strategy and its implementation. The current dividend policy is based on payment of the full direct investment result of which a portion can be drawn down in the form of a stock dividend, which meets the capital needs as and when required. This meant that in 2012 approximately 80% of the direct investment result per share recognised in 2011 was paid in cash and that the stock dividend increased the issued capital by 2.4% in 2012. However, the latter resulted in a dilution of the investment result and of the net asset value per share.

On the basis of the above, the Board of Management and the Supervisory Board are proposing a new dividend policy in which at least 75% of the direct investment result per share will be distributed as dividend. The capital needs that may arise can still be met with this adjusted payout ratio. In principle, no stock dividend is paid. However, this will depend on the possible dilution of the investment result and the net asset value per share, the capital strength and needs of the Company and the financing market. The amendment of the dividend policy prevents the dilution of the share resulting from the payment of a stock dividend. In addition, the aim is to achieve annual growth in the dividend per share. The payment of an interim dividend in the amount of 60% of the direct investment result per share over the first six months of the year will be maintained.

DIVIDEND PROPOSAL AND DIVIDEND DISTRIBUTION

At the Annual General Meeting of Shareholders of 2 May 2012, the dividend for the 2011 financial year chargeable to the freely distributable reserves was set at € 3.61 per share. An interim dividend of € 1.09 per share had already been distributed in August 2011. The final dividend as a result amounted to € 2.52 per share, to be taken either in cash or in shares to be charged to the share premium reserve (1 new share per 12.9 shares). Within this framework, holders of over 29% (2011: 26%) of the shares in issue opted for a stock dividend, as a result of which the total number of shares increased by 415,461 shares and an amount of € 13.5 million was not paid out.

On 27 August 2012, in accordance with the dividend policy, 60% of the direct investment result over the first half of 2012 was distributed as interim dividend at € 1.01 per share.

The payment of the 2012 (final) dividend on the basis of the current dividend policy could once again result in the dilution of the direct investment result and the net asset value per share. With due consideration to the rationale underlying the new dividend policy, a proposal will be submitted to the General Meeting of Shareholders to allow the new policy to already go into effect for the final dividend for 2012. If approved, the total dividend per share for 2012 will amount to € 2.55, to be paid entirely in cash. The proposed effective date of the new dividend policy, either as of 2012 or as of 2013, will also be submitted for approval to the shareholders at the Annual General Meeting of Shareholders of 19 April 2013.

In the event that the new dividend policy is adopted effective 2012, the dividend for 2012 will amount to € 2.55 per share. With due consideration to the € 1.01 interim dividend paid in August 2012, the final dividend would then be set at € 1.54 per share. The final dividend will be made payable on 22 May 2013.

If the proposed new dividend policy is not adopted then the old dividend policy automatically remains in place. In that case, a proposal will be made during the Annual General Meeting of Shareholders of 19 April 2013 to declare the final dividend chargeable to the freely distributable reserves at € 2.30 per share, which is the 2012 direct investment result per share of € 3.31 less the interim dividend of € 1.01 per share. Taking into account the fiscal distribution obligation and the share price applicable at that time, it will be possible, in addition to take-up entirely in cash (€ 2.30), to take up the final dividend as Vastned shares chargeable to the share premium reserve that will constitute an approximate value of € 2.30 per share. In order to comply with the conditions for a fiscal investment institution, a minimum of € 23.7 million in cash (approximately € 1.24 per share) must be disbursed as final dividend. If the number of shareholders exercising the stock dividend option is such that this amount is not achieved, then the stock dividend allocation will be adjusted on a pro-rated basis so that at least €23.7 million will be disbursed.

As indicated above, the Board of Management and the Supervisory Board have, however, proposed to already apply the new dividend policy effective from 2012, with no stock dividend being paid and this proposal will be submitted to the Annual General Meeting of Shareholders for adoption.

2013 OUTLOOK

In 2012 we made a good start on the execution of the updated strategy focusing on high street retail property, targeting a 65% share of the total property portfolio. This gives us confidence that Vastned can fulfil its ambitions. For the next three years, our objective in this context is to dispose of € 200 million in non-core property investments and to use part of the proceeds to acquire high street shops in big cities. The execution of the strategy in general will lead to a lower direct investment result in the short term, but this is offset in the medium-long term by a better return with more stable and predictable results.

Furthermore, we anticipate that there will be persistent pressure on the results of retailers, partly due to ongoing low consumer confidence. This will certainly be the case in Spain, also because of the specific local economic conditions. The uncertainty concerning the economic climate and the speed of the further execution of our strategy make it impossible to give concrete expectations regarding the direct investment result in 2013. Over the next few years we will steadily continue to roll out our strategy in order to pragmatically increase the ratio of high street shops in our property portfolio step by step.

PERSONNEL AND ORGANISATION

Vastned's ambition in terms of personnel and organisation is to create a challenging working environment where its staff can develop and grow further. The corporate culture at Vastned can be described as open, transparent and informal. Vastned has operations in five core countries: the Netherlands, France, Belgium, Spain and Turkey. Each core country has its own organisation, accommodated in a so-called country team. These teams have a considerable degree of independence, but operate within the framework of a clear 'Vastned vision' that involves regular consultation and reporting.

In 2012, the further optimisation of internal processes and the operation of the teams in the context of the renewed strategy was implemented. An important theme was the strengthening of relations with tenants and increasing the knowledge of trends in the retail market through increased account management. In this context, the various country teams held meetings with a large number of retailers. The approach on the one hand was to inform the retailers about our strategy and on the other hand to gain more knowledge about the strategy of these retailers especially in relation to their expansion plans, the introduction of new brands, their internet strategy and specific requirements concerning the fit-up/ size of the physical retail units. The knowledge gained this way is continuously shared with other country teams, partially in informal ways, as well as during formal meetings. In addition to developments on the retail market, other subjects are discussed in these meetings that affect all the countries, for example developments in sustainability, changes to accounting principles, developments relating to property appraisals and the rental and investment markets. This allows knowledge and experience to be exchanged and the Group's objectives and procedures to be made more specific.

Using the knowledge and experience gained within the organisation, Vastned aims to be able to even better anticipate the trends in the retail market and the specific needs of retailers in its investment policies. Account management must bring the tenant and the landlord closer together on the one hand and at the same time result in attracting new tenants for Vastned's retail investments.

Challenging objectives are formulated in the annual performance evaluation interviews with each staff member following mutual consultation. The employee's objectives are matched to those of Vastned so that employees' personal development is aligned with Vastned's interests. Based on the degree to which these objectives are achieved a bonus is allocated and, starting in 2012, country managers, asset managers and senior staff are encouraged to convert this bonus into Vastned shares.

The following table gives some personnel statistics. Supported by the head office to varying degrees as needed depending on team size, the country teams carry out the following tasks: Management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff functions in the area of ICT, and for secretarial, tax and legal services. The majority of these staff functions are centralised at the Rotterdam head office. The Belgian team in Antwerp also has a relatively large staff department.

Total number of employees during 2012 (fte's)

	2012	As at 01-01-2012	2011
Rotterdam, Netherlands			
Retail	16	16	17
Offices/Industrial	–	–	8
Board of Management/Staff	14	14	17
Antwerp, Belgium			
Intervest Retail	9	9	10
Intervest Offices	–	–	14
Madrid, Spain (Retail)	13	13	13
Paris, France (Retail)	20	20	20
Istanbul, Turkey (Retail)	4	5	5
Frankfurt, Germany (Offices)	–	–	1
Total	**76**	**77**	**105**
Number of employees joining	6		11
Number of employees leaving	8		48
Male/Female as at 31 December (fte's)	37/41	38/39	39/41

In the second half of 2011, the personnel complement decreased as a result of the merger between VastNed Offices/Industrial and NSI during which 36 employees in the Netherlands and Belgium were transferred to NSI. In addition, a number of staff officers were laid off in 2011 as a result of a reorganisation. The number of staff members as at 1 January 2012 is therefore also shown for comparison purposes.

There were a number of key movements in 2012. This included the appointment of Thierry Fourez as the new country manager in France effective September 2012. His experience as a retail and property specialist acquired during his tenure with various companies, such as McDonald's and Starbucks, fits well into our strategy of better understanding the needs of retailers and reinforcing the relationship with retailers.

In addition, the management team was strengthened in 2012 with the entry into service of Marc Magrijn as Tax Manager and Company Secretary effective 1 January 2012 and Anneke Hoijtink as Manager Investor Relations effective 1 November 2012.

Arnaud du Pont, previously General Counsel and responsible for investor relations, accepted a new role within the management team and as Managing Director Investments & Operations is responsible for the international coordination of acquisitions and divestments, real estate operations and account management.

The Board of Management is very grateful to all staff members for their efforts during the past year.

CORPORATE SOCIAL RESPONSIBILITY

OBJECTIVES AND PRECONDITIONS

Vastned intends to organise and carry out its activities in a socially responsible way, in order to mitigate the negative impact of its activities on the environment. A socially responsible method of work is being introduced in an economically responsible way on a phased basis, in which the basic premise is the satisfaction of the tenant.

The objectives Vastned has set for itself in relation to socially responsible enterprise are:
- Having sustainable competitive buildings in the letting market;
- Limiting the impact of Vastned's activities on the environment.

The precondition that applies in this regard is the satisfaction of the tenant and shareholder in terms of every socially responsible initiative undertaken.

This is why Vastned has decided to adopt a more practical approach in which the combination of a positive return and socially responsible enterprise plays a central role.

REDUCING THE IMPACT ON THE ENVIRONMENT

Vastned took specific actions in various areas designed to reduce its impact on the environment:
- In Belgium and the Netherlands, Vastned has concluded contracts, at no additional cost to its tenants, for supplying electricity generated using hydropower. This method of power generation does not cause any CO_2 emissions, as a result of which Vastned has significantly reduced its impact on the environment. Vastned has not adopted this form of power supply in the other countries in which it operates, because the price differential would be at the expense of the tenant. However, as soon as it becomes possible to use green energy sources without additional costs to the tenant, Vastned will sign contracts with suppliers for this purpose;
- Vastned offsets the CO_2 emissions it produces as a result of air travel, commuting traffic and office heating. The Climate Neutral Group arranges for the Vastned offsets. Vastned has extended the contract with this group for a period of three years;
- Vastned has installed solar cells on one of the retail warehouses in Wilrijk, Belgium;
- In Spain Vastned realized a 30% energy usage reduction at the shopping centre in Madrid Sur by placing LED lightning;
- Vastned has reduced its paper consumption through the transition to digital invoicing in the Netherlands. The experience gained in the Netherlands will be used to roll out digital invoicing in the future in the other countries as well. This will further reduce paper consumption. In addition, the annual report is no longer available in a printed version and instead is exclusively available from Vastned's website in PDF format. This is also expected to have a positive impact on our paper consumption;
- In 2012 Vastned changed to fair-trade coffee;
- Employees are encouraged to opt for an energy-efficient car with an A or B label when they choose a new car, and;
- In the area of ICT, existing servers will be replaced with energy-efficient servers in 2012 and 2013.

OTHER ACTIVITIES

- In Vastned's view, corporate social responsibility also means that activities are undertaken in support of the community. Vastned attaches a great deal of importance to having a well-educated society. In part for this reason, Vastned provides one or more trainee positions and offers business administration students an opportunity of conducting a practical study project with Vastned.
- Last year, Vastned supported the Netherlands Philharmonic Orchestra. Furthermore, Vastned was a 'copper partner' in the Dutch Green Building Week organised by the Dutch Green Building Council. The objective of this initiative is to demonstrate the important role played by sustainable buildings in healthier, more sustainable communities.
- Vastned organised a round table debate concerning the future of the city centre, in which various stakeholders debated the future of city centres.

CORPORATE GOVERNANCE

This chapter contains an overview of Vastned Retail NV's (Vastned) governance structure and the information required pursuant to the Dutch Corporate Governance Code.

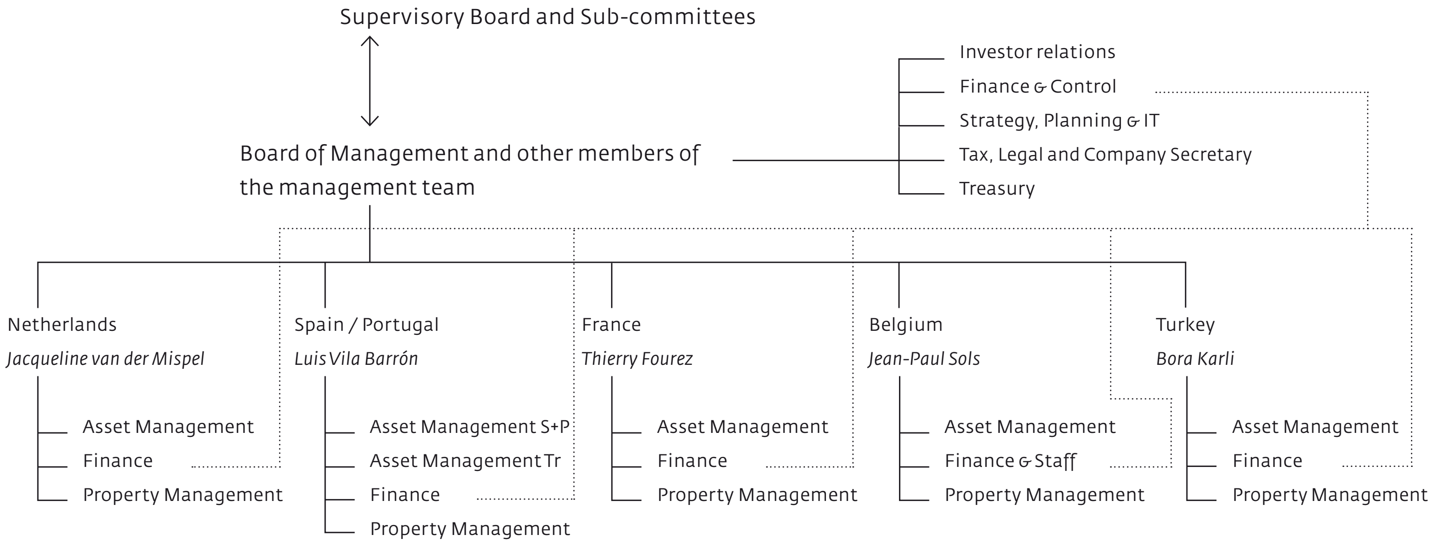
GOVERNANCE STRUCTURE

Vastned is a public limited company founded under Dutch law with a two-tiered management model, meaning that management and supervision are separated. The shares in Vastned are listed and are traded on the NYSE Euronext Amsterdam.

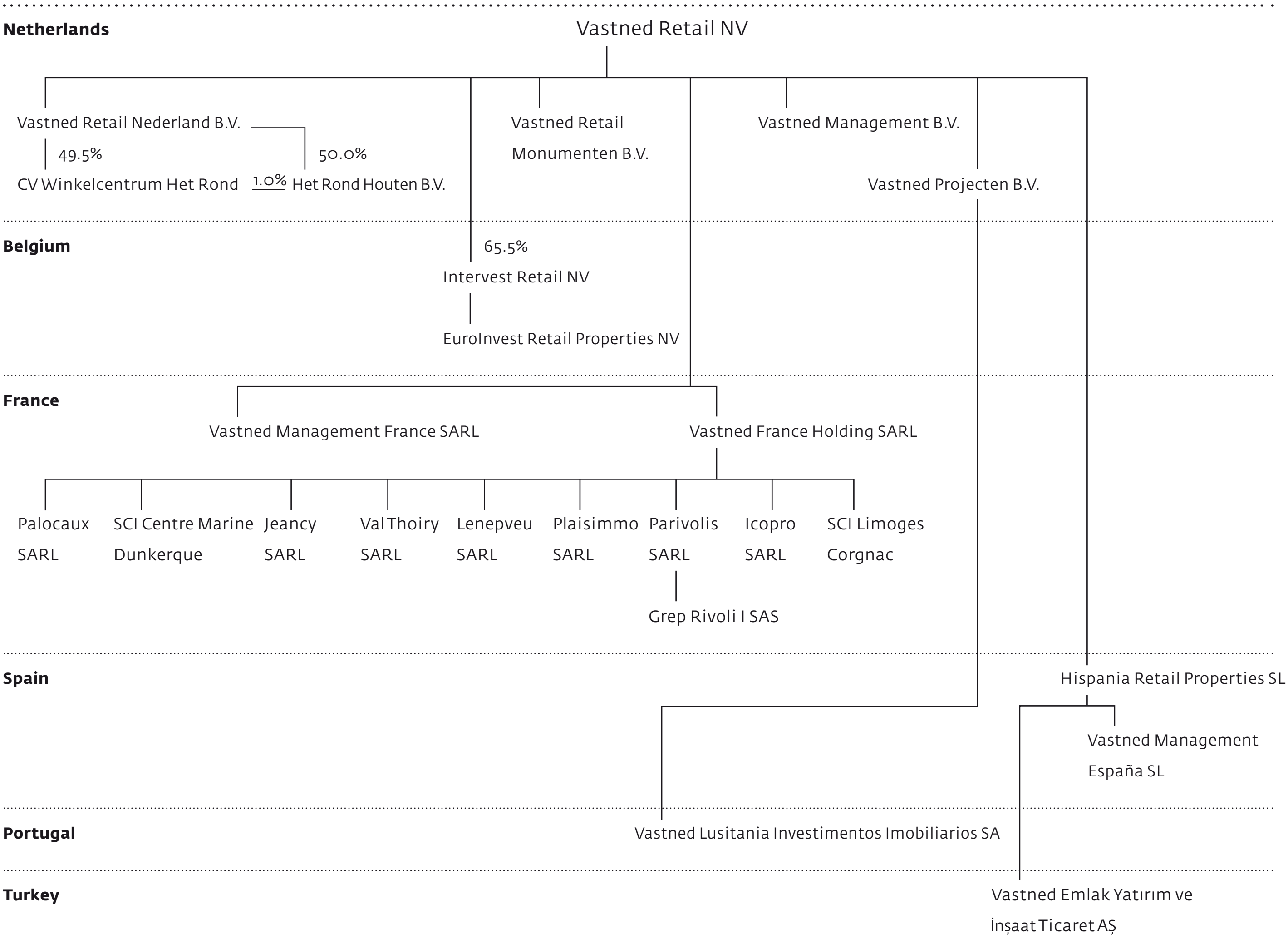
Vastned has the status of an investment company with variable capital pursuant to Book 2, Article 76(a) of the Dutch Civil Code. An investment company with variable capital is a public limited company founded under Dutch law:

- The only aim of which is to invest its capital in such a way that the risks are spread, in order to let its shareholders share in the profits;
- The Board of Management of which has the authority under the articles of association to issue, acquire and dispose of shares in its capital (share issues and share repurchase programmes);
- For which a manager has been granted a license as referred to in the Dutch Financial Supervision Act for the placement of its shares; and
- The articles of association of which stipulate that the company is an investment company with variable capital.

Vastned's organisation structure is presented below:



The legal structure of Vastned and its major interests is presented below.
(100% interests unless mentioned otherwise)



A list of subsidairies is included in the notes to the consolidated financial statements on page 177.

Management of the Company

The Board of Management and other members of the management team

The Board of Management, together with the other members of the consolidated management team, is in charge of day-to-day management. Its responsibilities include the realisation of the Company's targets, the strategy and associated risk profile, developments in the results and aspects of corporate social responsibility relevant to the Company. The Board of Management carries out its tasks within a framework set together with the Supervisory Board and submits the operational and financial targets, the strategy and the pre-conditions to be observed to the Supervisory Board for approval. The Board of Management supplies the Supervisory Board with all of the information required for performing its tasks on time.

Vastned's articles of association stipulate that the number of Directors should be fixed by the Supervisory Board. The Board of Management together with the Managing Director Operations & Investments, General Counsel / Tax Manager and the Manager Investor Relations make up the management team. The management team generally meets every fortnight.

Appointments, suspensions and dismissals

The Board of Management is appointed by the Annual General Meeting of Shareholders pursuant to a binding nomination. The Annual General Meeting of Shareholders can remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.
The Director(s) can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes, provided that the proposal for suspension or dismissal was submitted by the Supervisory Board. If such a proposal is lacking, the General Meeting of Shareholders can only adopt such a resolution with an absolute majority of the votes cast representing at least one third of the issued capital. A Director can also be suspended by a resolution of the Supervisory Board.

Composition of the Board of Management

- Taco T.J. de Groot, Managing Director, CEO
- Tom M. de Witte, Managing Director, CFO

Composition of the other management team members

- Arnaud G.H. du Pont, Managing Director Investments & Operations
- Marc C. Magrijn, General Counsel / Tax Manager
- Anneke M. Hoijtink, Manager Investor Relations

The curricula vitae of the members of the management team are presented on page 15.

Remuneration of the members of the Board of Management

See the separate remuneration report on page 187 in this annual report.

Share ownership of the members of the Board of Management

See the Shareholders' Information section on page 17 in this annual report.

Schedule for the potential reappointment of the members of the Board of Management

	Year of first appointment	Year of possible reappointment
Taco T.J. de Groot	2011	2015
Tom M. de Witte	2003	2015

Country teams

Netherlands

In addition to the Board of Management, which is in charge of the central management and coordination of the various country portfolios from its base in the Netherlands, there is a Dutch team of sixteen property specialists headed by Ms Jacqueline van der Mispel. Its activities are carried out from the Rotterdam head office.

France

The French organisation, Vastned Management France, which is located in Paris, is headed by Mr Thierry Fourez. Vastned Management France has 20 FTEs in total. They are responsible for the asset and property management of the property portfolio, and for the administration. Only a limited part of the property management is outsourced to third parties.

Belgium

The Belgian activities are handled by Intervest Retail in Antwerp. The day-to-day management is in the hands of the Executive Committee, consisting of Mr Jean-Paul Sols (CEO), Ms Inge Tas (CFO) and Mr Rudi Taelemans (COO).

The Belgian team in total comprises nine employees. Taco de Groot and Tom de Witte represent Vastned Retail on the Board of Management of Intervest Retail. On 31 December 2012, this board consisted of Mr Taco de Groot and Mr Tom de Witte, representing Vastned Retail, Mr Hubert Roovers, a former employee of Vastned, and a number of independent members, namely: Mr Jean-Pierre Blumberg (chairman), Mr Nick van Ommen and Mr Chris Peeters.

Spain and Portugal

The Spanish organisation, Vastned Management España, vested in Madrid, is headed by Mr Luis Vila Barrón. Vastned Management España has thirteen FTEs in total and carries out activities in the areas of asset and property management, and administration. The operations in Turkey and Portugal are also run from this location. A local office has not been set up in Portugal in view of the nature and size of the Portuguese operations.

Turkey

Asset management in Turkey is carried out by Mr Bora Karli with the assistance of three FTEs at the local office in Istanbul. The Spanish country manager, Mr Luis Vila Barrón, is closely involved in the Turkish operations. Mr Barrón and the members of the Board of Management of Vastned Retail make up the Board of Management of the Turkish legal entity together with Mr Bora Karli.

Supervisory Board

Vastned has a Supervisory Board in addition to its Board of Management. The members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders. If one or more members of the Supervisory Board are to be appointed, the Supervisory Board will make a binding nomination. The Annual General Meeting of Shareholders can remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.

Supervisory Board members step down at the latest in the fourth financial year following the financial year in which they were appointed. A Supervisory Board member who is stepping down can be reappointed forthwith, with the proviso that members can only serve on the Supervisory Board for a maximum of three four-year terms.

A Supervisory Board member can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes, provided that the proposal for suspension or dismissal was made by the Supervisory Board. If such a proposal is lacking, the General Meeting of Shareholders can only adopt such a resolution with an absolute majority of the votes cast representing at least one third of the issued capital.

Composition of the Supervisory Board

- Wouter J. Kolff, chairman
- Pieter M. Verboom, vice-chairman and chairman Audit Committee
- Jeroen B.J.M. Hunfeld
- Marieke Bax; chairman Remuneration Committee

The curricula vitae of the Supervisory Board members and the retirement schedule are presented in the Report of the Supervisory Board on page 120.

Tasks of the Supervisory Board

The Supervisory Board supervises the day-to-day policy pursued by the Board of Management and assists the Board of Management with advice. In carrying out its tasks, the Supervisory Board considers the interests of Vastned and its associated companies, weighing up the relevant interests of all stakeholders (including the shareholders). The Supervisory Board is itself responsible for the quality of its performance. Vastned provides the Supervisory Board with the necessary resources for the execution of its tasks.

The tasks and areas of focus of the Supervisory Board include:

- Supervision of and monitoring and advising the Board of Management;
- The achievement of the Company's targets;
- The strategy and the risks associated with the business operations;
- The setup and operation of the internal risk management and control systems;
- The financial reporting process and compliance with legislation and regulations;
- Disclosure of, compliance with and enforcement of the Company's corporate governance structure;
- The relationship with shareholders; and
- Aspects of corporate social responsibility, where relevant for the Company;

Each year after the close of the financial year, the Supervisory Board will draw up and publish a report of the performance and activities of the Supervisory Board and its committees during the financial year in question. For a full list of the Supervisory Board's tasks, please see the regulations drawn up by the Supervisory Board. They can be found on the website.

Chairman of the Supervisory Board

The chairman of the Supervisory Board has a coordinating task. The chairman ensures compliance with the requirements of the best practice provisions detailed in III.4.1 of the Code. He is assisted in this by the General Counsel (Company Secretary). The chairman is neither a former member of the Board of Management nor an employee of Vastned and/or any of its subsidiaries.

Committees of the Supervisory Board

In 2012, the Supervisory Board was supported by three committees that prepared the subjects delegated to them for decision-making in the plenary Supervisory Board: the Audit Committee, the Remuneration Committee and the Selection & Nomination Committee. The tasks of these committees, their composition and an overview of their key activities in the reporting year are included in the Report of the Supervisory Board starting on page 112.

Remuneration of the Supervisory Board

The Supervisory Board's remuneration report is included on page 187 in this annual report and placed on the Company's website.

Statement of share ownership (principle)

Members of the Supervisory Board shall only hold shares in Vastned as a long-term investment and shall purchase these shares at their own cost. When purchasing and selling shares, they act in accordance with the regulations adopted by the Company as referred to in Section 65 of Chapter 5 of the Dutch Financial Supervision Act. Transactions are reported in accordance with the relevant rules prepared by the Netherlands Authority for the Financial Markets (*www.afm.nl*). As at 31 December 2012, none of the members of the Supervisory Board held any shares in Vastned.

Compliance with the Dutch Corporate Governance Code

Vastned acknowledges the importance of proper corporate governance as the basis of trust between the Company and its shareholders and other stakeholders. With a view to the transparency that is an essential part of corporate governance, Vastned is continuing its practice of reporting extensively in this annual report on how its corporate governance operates and the extent to which the company complies with the Dutch Corporate Governance Code (the 'Code').

Vastned subscribes to the Code and its principles and as at 31 December 2012 complied with virtually all the best practice provisions of the Code. As at that date, Vastned deviated from the principles and best practice provisions as formulated in the Code in one respect:
II.2.8 The compensation in the event of dismissal amounts to a maximum of one time the annual salary (the 'fixed' portion of the remuneration). If the maximum of one year's salary would be manifestly unreasonable for a Management Board member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary.

Mr De Witte joined Vastned in 2003 and the term of Mr De Witte's employment contract is indeterminate. In the event of involuntary dismissal by the General Meeting of Shareholders of Vastned Management, Mr De Witte is entitled to compensation to be determined in line with the method used in the Dutch sub-district court formula. If the employment contract is terminated as a result of a merger or take-over on the initiative of Vastned, compensation of at least 15 months' salary is paid. The contracts of newly to be appointed members of the Board of Management will in principle provide for a maximum of up to one year of the fixed portion of the remuneration.

General Meeting of Shareholders and corporate governance

Corporate Governance was discussed as a separate agenda item at the General Meeting of Shareholders of 2 May 2012. This subject did not elicit any questions or comments on the part of shareholders. All amendments to the Corporate Governance structure and compliance with the Code will be discussed each time in the General Meeting of Shareholders.

Availability of corporate governance documents

The company has made the corporate governance documents, such as the articles of association, the regulations of the Supervisory Board and the registration document as required by the Financial Supervision Act, available on its website *www.vastned.com*.

Independence

None of the members of the Supervisory Board is a member of the Board of Management or an employee of Vastned or of any company associated with it. Neither have any of the said members received any remuneration other than for membership of the Supervisory Board, nor have they had significant business relations with Vastned or any associated company during the year prior to their appointment. None of the members of the Board of Management is a shareholder, member of the Board of Management or Supervisory Board member of any company that holds 10% or more of the shares in Vastned. This is also the case for the immediate family of the members in question.

Specific corporate governance requirements for the Board of Management

Transactions with members of the board of management

Vastned has not entered into any transactions with any of the members of the Board of Management other than those arising from their employment contracts.

Conflicts of interest involving members of the Board of Management

None of the members of the Board of Management is in competition with Vastned in any way. No payments have been made by Vastned to the members of the Board of Management or members of their families, no member of the Board of Management has granted any third parties an unjustified advantage or arranged for himself or his family to gain from commercial opportunities provided by Vastned. In view of the corporate governance pursued by Vastned Retail, the members of the Board of Management declare that they will comply with the Code in all of the above-mentioned cases. In the event of a conflict of interest, the member of the Board of Management involved will report that conflict of interest to the chairman of the Supervisory Board. The member in question will not participate in any discussions and decision-making where he has a conflict of interest. In addition, the usual industry conditions will apply to transactions where there is a conflict of interest.

Loans to members of the Board of Management

Vastned has not made loans to any members of its Board of Management, nor have any members of the Board of Management made loans to Vastned.

Specific corporate governance requirements for the Supervisory Board

Principle

None of the members of the Supervisory Board of Vastned is also a member of a company associated with Vastned or with which Vastned maintains an important business relationship. This system means the members of the Supervisory Board have a considerable degree of independence. The Supervisory Board has four members.

Conflicts of interest involving members of the Supervisory Board

Members of the Supervisory Board report any material conflicts of interest to the chairman of the Supervisory Board. In line with the corporate governance pursued by Vastned, the members of the Supervisory Board declare that they will comply with the Code in such cases. Any member with a conflict of interest will refrain from participating in discussions and decision-making regarding that matter. In addition, the usual industry conditions will apply to transactions where there is a conflict of interest. Decisions to enter into transactions with controlling shareholders, defined here as shareholders holding more than 10% of the share capital in issue, must be approved by the Supervisory Board and are subject to the usual industry conditions. Vastned currently has no delegated supervisory director. The Supervisory Board will act in accordance with the best practice provisions III.6.6 and III.6.7 where applicable.

Loans to members of the Supervisory Board

Vastned has not made loans to any member of the Supervisory Board, nor has any member of the Supervisory Board made loans to Vastned.

General Meeting of Shareholders and voting rights

The regular General Meeting of Shareholders should be held within six months of the close of the financial year. The General Meeting of Shareholders is called in the manner laid down in the legislation and regulations applicable to Vastned. One or more shareholders that together represent at least 10% of the share capital in issue can ask the Board of Management to call a General Meeting of Shareholders. One or more shareholders that together represent at least 1% of the share capital in issue can ask for items to be placed on the agenda of the General Meeting of Shareholders, provided they do so at least 60 days before the meeting. Vastned reserves the right to avail itself of the response time as defined in best practice provision II.1.9. of the Code. Vastned announces the meetings in line with the stipulations in the applicable legislation and regulations. The agenda and shareholders' circular can be obtained at the offices of Vastned in Rotterdam, and will be placed on *www.vastned.com*. These publications include among other things the registration date for exercising voting rights attached to shares.
The minutes of the General Meeting of Shareholders will be made available after the meeting in accordance with best practice provision IV.3.8. The Board of Management and the Supervisory Board supply the Annual General Meeting of Shareholders with all information required unless there is a substantial interest in not doing so.

Subjects for discussion

Key matters that require the approval of the Annual General Meeting of Shareholders include:

- Adoption of the financial statements for the last financial year;
- Adoption of the (final) dividend for the last financial year;
- Important changes to the strategy;
- Discharge of the members of the Board of Management for the management provided during the last financial year;
- Discharge of the members of the Supervisory Board for the supervision exercised over the management provided by the Board of Management during the last financial year;
- Appointment/reappointment of a member of the Supervisory Board or the Board of Management, and;
- Amendment of the articles of association.

Generally, the following subjects are discussed at the Annual General Meeting of Shareholders (without being subjected to a vote): the minutes of the most recent Annual Meeting of Shareholders or General Meeting of Shareholders, the annual report by the Board of Management on the most recent financial year with an explanation of the strategy and the state of affairs, the dividend policy and the policy on reserves, corporate governance and the remuneration report.
For further details concerning the proposals that the Board of Management or the Supervisory Board can submit to the Annual General Meeting of Shareholders and the applicable procedure please refer to the Company's articles of association.

(Special) controlling rights

There are no shares with special controlling rights. Every share gives the right to one vote in the Annual General Meeting of Shareholders. No vote can be cast for shares held by Vastned itself or by or on behalf of a subsidiary unless those shares are encumbered by usufruct or pledge.

The requirement for most resolutions by the Annual General Meeting of Shareholders is an absolute majority (half of the votes cast plus 1). Pursuant to the articles of association, the following resolutions can only be adopted with a qualified majority:

- A resolution to reduce the capital can only be adopted with a majority of at least two thirds of the votes cast if less than half of the issued capital is represented at the meeting, and;
- A resolution to remove the binding nature of a nomination to appoint a member to the Board of Management or to the Supervisory Board can only be adopted by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.

A resolution to suspend or dismiss a member of the Board of Management or of the Supervisory Board, not proposed by the Supervisory Board, can only be adopted by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to suspend or dismiss a member, a new meeting is called in which the resolution can be adopted by an absolute majority of the votes cast irrespective of the proportion of capital represented at this meeting.

Resolutions, not proposed by the Board of Management with the approval of the Supervisory Board, to (i) amend the provisions of the articles of association, (ii) the dissolution of the Company or (iii) the liquidation of an undertaking of the Company, or (iv) to file a petition for bankruptcy or suspension of payments can only be adopted by a majority of more than two thirds of the votes cast in a meeting in which more than a three fourth proportion of the issued capital is present or represented.

Financial reporting and the external accountant

Financial reports are drawn up in accordance with internal procedures. The Board of Management together with the Supervisory Board is responsible for ensuring that the financial reports are accurate, complete and produced on time. The external accountant is also involved in the content and publication of the mid-year figures, the financial statements and the associated press releases. The external accountant attends the General Meeting of Shareholders and may be asked to comment on his opinion concerning the fairness of the financial statements. The external accountant attends at the very least the meetings of the Supervisory Board and/or the Audit Committee in which the financial statements are discussed.

Code of Conduct and Whistleblower's Code

Vastned has drawn up a code of conduct that applies to all employees, including the Board of Management. A whistleblower's code also applies that allows employees and members of the Board of Management to report abuses within the company without endangering their own employment relationship. The texts of these codes have been published on *www.vastned.com*.

Dutch Act on Management and Supervision ('Wet Bestuur en Toezicht')

On 1 January 2013, the new legislation pertaining to the Act on Management and Supervision has entered into force. Vastned has evaluated the new Act and will change its articles of association and internal regulations if and where applicable and compulsory to comply with the new Act. The Act contains amongst others a guideline for balanced gender diversity in the Board of Managing Directors and Supervisory Board. At least 30 percent of the positions are to be held by women and at least 30 percent by men. At present, the positions of both the Supervisory Board and the Board of Managing Directors are not yet allocated in a well-balanced manner. Partly depending on the profile of the members to step down in the future, an assessment will be carried out to determine the required profile of the new members. Naturally the diversity targets, including a balanced distribution between men and women will be a factor in such considerations.

Article 10 of the EU Takeover Directive

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

a For the Company's capital structure, the composition of the issued capital and the dividend policy, please refer to the section on Shareholders' Information on page 17 in this annual report. For the rights associated with these shares, please refer to the Company's articles of association, which can be viewed on the Company's website. Briefly, these rights with regard to ordinary shares consist of the right to attend the Annual General Meeting of Shareholders, to speak and vote at this meeting, and the right to payment of the Company's profit remaining after the transfer to the reserves. As at 31 December 2012, the issued capital consisted entirely of ordinary shares.
b The Company has not placed any restrictions on the transfer of shares.
c For participations in the Company for which a disclosure obligation exists (under Articles 5:34, 5:35 and 5:43 of the Financial Supervision Act (Wft)), please refer to the section on Shareholders' Information on page 17 in this annual report. The shareholders with an interest of 5% or more that are known to the Company on the date indicated are listed under the header Share Ownership.
d There are no shares in the Company with special controlling rights.
e The Company does not have an arrangement granting employees the right to subscribe to or acquire shares in the capital of the Company or any of its subsidiaries.
f The voting rights associated with the shares are not restricted, nor are the periods for exercising the voting rights restricted.
g There are no agreements with shareholders that could result in restricting the transfer of shares or in restricting the voting right.
h The provisions for appointing and dismissing members of the Board of Management and members of the Supervisory Board, as well as for amending the articles of association are contained in the Company's articles of association.
i The general authorities of the Board of Management are contained in the articles of association. The authorities of the Board of Management in relation to the issue of Company shares are described in Article 8 of the Company's articles of association. Vastned is a public limited liability company with the status of an investment company with variable capital pursuant to Book 2, Article 76(a) of the Dutch Civil Code. The decision to issue shares is taken by the Board of Management, taking into account the limits and conditions set by the Supervisory Board. The Board of Management can also acquire shares in its own capital at times and under conditions to be determined by the Board of Management, taking into account the limits and conditions set by the Supervisory Board, provided that the Company's capital minus the shares it holds itself amounts to at least 10% of the authorised capital.

j The various loan agreements between the Company and external financiers contain change of control clauses.
k The Company has made no agreements with members of the Board of Management or employees that provide for remuneration upon termination of service resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act (Wft)

Corporate Governance Statement

This is a statement pursuant to Section 2a of the Decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) dated 10 December 2009 (hereinafter the 'Decree'). For the disclosures in this statement as defined in Sections 3, 3a and 3b of the Decree, please refer to the relevant texts in the 2012 Annual Report. The following disclosures are deemed to be included and repeated here: the disclosure concerning compliance with the principles and best practices of the Dutch Corporate Governance Code (hereinafter the 'Code'), including the motivated statement of deviations in the compliance with the Code, which can be found on page 98 in the annual report in the chapter on Corporate Governance;

- The disclosure concerning the main features of the risk management and control system relating to the Company and the Group's financial reporting process, as described in the chapter on Risk Management on page 103 in the annual report;
- The disclosure regarding the functioning of the Annual General Meeting of Shareholders, and its key authorities and the rights of the shareholders and how these can be exercised as described in the chapter on Corporate Governance on page 99 and 100 in the annual report;
- The disclosure regarding the composition and functioning of the Board of Management, as described on pages 94 until 96 in the annual report and in the 2012 remuneration report as of page 187;
- The disclosure regarding the composition and functioning of the Supervisory Board and its Committees, as described on page 96 until 98, and in the Report of the Supervisory Board as of page 112 in the annual report;
- The disclosure pursuant to the Article 10 of the EU Takeover Directive is included in the chapter on 'Corporate Governance' on page 101 in the annual report.

RISK MANAGEMENT

Before going into the risks to which Vastned is exposed in further detail, a number of trends that are relevant to Vastned can be identified:

Key Trends

- The projections for the European economies assume moderate growth for the coming years. Government cutbacks, higher taxes and increased unemployment are resulting in low consumer confidence and are putting pressure on consumer spending.
- Most mature European economies are characterised by an increasingly greying population and declining population growth. On the other hand, this is accompanied by a perceptible increase in the population of larger cities caused by a migration from the countryside and smaller cities.
- With the emergence of the internet and social media, acquisitions and sales via the internet (e-commerce) are becoming increasingly more popular.
- Increase in the regulations designed to improve stability on the financial markets and reinforcement of the banking sector (Basel III, Solvency II, Alternative Investment Fund Managers (AIFM) Directive). These regulations can affect the readiness of financial parties to invest in real estate or to finance real estate. The AIFM Directive, which is to go into effect in mid-2013, can, if it applies to Vastned, increase the administrative burden.

Strategic objectives with a clear ambition for the future

Vastned has formulated the following strategic objectives that anticipate the trends described above:

- To further improve the quality of the property portfolio, particularly through means of significantly increasing the share of high street shops in large cities with appealing city centres to 65% of the total property portfolio;
- To put a greater focus on our customers, our tenants, and to further increase our knowledge of the retail market; and
- To continue to optimise the financing strategy by diversifying financing while maintaining a conservative loan-to-value ratio of 40–45%.

As indicated elsewhere in this annual report, a number of important steps have been taken in 2012 in the context of this strategy to anticipate and even to profit from the above-referenced trends. This policy will be continued in 2013 as a means of mitigating the risks that can arise from the abovementioned trends.

Description of risks related to the strategy and the internal risk management and control system

In line with the Corporate Governance Code, the following is a description of the key risks to which Vastned, in relation to the implementation of its strategy, is exposed. In addition to the strategic risks, the financial risks, financial reporting risks, operating risks and compliance risks are also described.

The risk management and control system at Vastned aims to guarantee with a reasonable degree of certainty that the risks the Company is exposed to have been adequately identified and are being managed within the framework of a limited risk profile.

The following summary sets out the key categories of risks that pertain to Vastned. The potential impact of each of the risk categories is indicated, along with the way in which Vastned tries to manage the risk in order to limit its risk profile.

An important element of the internal risk management and control system is the totality of internal control measures and administrative and organisational procedures as set out in the Administrative Organisation handbook. In our view, this handbook meets the requirements of the Financial Supervision Act and associated regulations.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES

STRATEGIC RISKS

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Impact of external factors as a consequence of investment and financial policy choices.	– The choice of investment country, investment type, relative size and timing of investments can have a major impact on the extent to which the expected rental developments and the demand for retail locations are dependent on inflation, currency fluctuations, consumer spending, rent legislation and permit policies and as such determine the value development of the investments. – The degree of leverage and the interest rate risk policy to a significant degree affect the (volatility of the) financing costs and the refinancing risk.	A strategic choice has been made to: – Focus on retail investments on the most popular high streets that in terms of authenticity and drawing power provide assurance of a good footfall and consequently are attractive to retailers; – Primarily invest in countries, where the political and economic climate is relatively stable, namely the Netherlands, France, Belgium, Spain and Turkey. For further details about the rental regulations in these countries, see page 212; – Aim for a considerable spread across a range of different properties/locations and tenants (see the key figures for the property portfolio). The gross rental income from the largest property and the largest tenant at year-end 2012 were 4.9% and 8.3% of the total gross rental income, respectively; – Achieve a critical mass for each country/region to guarantee sufficient local expertise and with that proper research. Properly equipped teams are present in all countries. The Istanbul team will be reinforced as the size of its property portfolio increases; – Limit the size of the property portfolio in Turkey to a maximum of 10% of the total property portfolio, with a focus on retail investments on the best high streets in Istanbul, and; – Maintain a conservative financing policy (for more details see 'Financing Risks' below). Decisions on strategy and changes in strategy are first approved by the Supervisory Board before being implemented.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES

FINANCIAL RISKS

Financing and refinancing risks The risk that insufficient equity and (long-term) loan capital can be raised, or only on unfavourable terms, or of agreed bank covenants not being met.	– Insufficient financing facilities for investments; – Forced sale of property investments; – Higher financing costs; – Lower direct and indirect investment results, and; – Reputation damage.	– Regular contact with existing and potential shareholders and with loan capital providers through road shows; – Transparent financial reporting and analysts' meetings; – Limit loan capital financing to a maximum of 50% of the market value of the property investments. Aim for a loan-to-value ratio of 40–45% At year-end 2012, this ratio was 43.9%; – Limit the proportion of short-term loans to a maximum of 25% of the loan portfolio. At year-end 2012, this ratio was 22.2%; – The aim is to spread the financing over different banks and other sources of financing, such as private placement bonds, convertibles and inflation-linked bonds. The aim is to increase the share of non-bank financing to 25%. At year-end 2012, this percentage was approximately 14.4%; – Efforts are made to achieve an even spread in the refinancing dates (see table on page 85); – The basic position is that the long-term loan portfolio should have a weighted average duration of at least three years. At year-end 2012, this term was 3.5 years; – Internal monitoring based on periodic internal financial reports detailing sensitivity analyses, financing ratios, changes in bank covenants, financing facilities and internal processes, such as among others stated in the Treasury statute, and; – Regular board meetings on the subject, discussion of these reports with the Audit Committee and the Supervisory Board.
Liquidity risk The risk that insufficient resources are available for meeting day-to-day payment obligations.	– Reputation damage; – Additional financing costs, and; – Lower direct investment results.	– Procedures aimed at reducing operational risks that may result in loss of cash flow (see below under Operational Risks); – Attract sufficient credit facilities aimed at ensuring sufficient borrowing capacity. At year-end 2012 the unused financing facilities amounted to € 154.7 million; – Draw up daily cash flow forecasts, and; – Internal monitoring of the borrowing capacity and conditions based on periodic internal financial reports.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Interest rate risk Risks resulting from interest rate fluctuations.	– Rising financing costs, and; – Lower direct investment results.	– Limit the share of the loan portfolio with variable interest rates to no more than one third; – Rate fixing by taking out interest rate derivatives contracts with national and international banks; – Efforts are made to obtain an even spread of interest rate review dates; – In addition, Vastned attempts to maintain a typical interest rate duration of at least 3.0 years for the long-term loan portfolio. At year-end 2012, this duration was 3.9 years; – Internal monitoring of interest rate risks based on regular internal financial reports and internal processes, such as among others stated in the Treasury statute, and; – Regular board meetings on the subject, discussion of these reports with the Audit Committee and the Supervisory Board.
Currency risk Risks resulting from exchange rate fluctuations.	– Falling income, and; – Lower direct and indirect investment results.	– Invest primarily in the euro zone; – No more than 10% of the total invested capital is invested in Turkey. At year-end 2012, this ratio was 6%, and; – Conclude lease contracts in euros or sometimes in US dollars and finance part or all of the investment properties in the same currency.

FINANCIAL REPORTING RISKS

The impact of incorrect, incomplete or late provision of information on decision-making (internal or by external parties, including shareholders, banks and regulators).	– Incorrect estimate of risk-return profile in investment decisions, and; – Reputation damage and claims due to having made misleading statements to stakeholders.	A sound system of internal control measures and administrative and organisational measures has been implemented and laid down in various places such as the Administrative Organisation manual, the code of conduct, the whistleblower's code and the rules of procedure of the Board of Management. They provide important checks and balances with regard to financial reports, for example: – Involvement of different disciplines in the preparation of reports and proposals for investments and disposals; – Budgeting, quarterly updated forecasts and quantitative analyses; – Valuation procedures (independent external appraisers who are regularly replaced, internal IRR analyses and internationally accepted valuation guidelines); – Regular business report meetings in which reports are used as the basis for discussing operational activities in detail with the country managers; – Group instructions on accounting principles and reporting data, as well as internal training in IFRS matters, etc, and; – Regular meetings of the Board of Management and discussion of the results of external audits with the Audit Committee and the Supervisory Board.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES

OPERATIONAL RISKS

Risks arising from daily transactions and (external) events.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Investment and disposal risks Investment or disposal analysis performed incorrectly.	– Incorrect estimation of the risk-return profile; and/or – Investment or disposal made too late; – Negative effect on (future) net rental income; – Unanticipated negative value movements, and; – Lower (than expected) direct and indirect investment results.	Meticulous acquisition and selling procedures, consisting of: – Conducting a due diligence assessment to assess financial, legal, technical building and fiscal aspects; – Involvement of different disciplines in acquisitions and disposals; – Standard format for investment and disposal proposals, and; – Internal authorisation procedures investment and disposals exceeding € 25 million and renovations exceeding € 10 million require approval by the Supervisory Board.
Leasing and debtor risks The risk that a property cannot be let at the anticipated rent (resulting in a vacant property) or the rent cannot be collected, due to its nature and location and/or the quality of the tenant.	– Drop in rental income and rise in service charge expenses that cannot be passed on due to vacant properties; – Decline in the value of the property investments due to vacancy; – Write-off of overdue receivables, and; – Lower (than expected) direct and indirect investment results.	Internal procedures aimed at: – Very frequent evaluation of local factors and the investment property itself by portfolio and technical managers, plus (contracted) research; – Extensive annual forward-looking yield analysis, including ten-year forecast; – An even spread of expiry dates of lease contracts, in accordance with current rental legislation and regulations; – An optimum tenant mix and setting a maximum exposure to any individual tenant (the overall gross rental income from our largest tenant is 8.3% of the total gross rental income); – Regular reports on the occupancy rate and rent arrears in the property portfolio, listing the resulting actions; – Screening tenants when concluding leases; – Interim evaluations of the financial positions and payment behaviour of tenants by holding regular meetings with them and by consulting external sources on this subject, and; – Securing bank guarantees and/or payment of guarantee deposits from tenants.

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Cost control risks The risk of unexpected increases in operating expenses and general expenses, and of having to make unanticipated further investments.	– Incorrect estimation of the risk-return profile, and; – Lower direct and indirect investment results.	– Budgeting procedures and maintenance forecasts; – Authorisation procedures for entering into maintenance and investment commitments; – Regular reporting (realisation vs. budget analyses), and; – Benchmarking costs against those of other funds.
Pipeline risks Risks associated with acquired property investments in pipeline.	– Delays in delivery; – Deviations from agreed (technical) specifications or lease conditions; – Inability to rent out fully or only at lower than previously estimated rental levels, and; – Lower direct and indirect investment results.	– Generally, the pipeline risk is transferred for a large part to contracted reputable and reliable project developers and building contractors. Early involvement in the design of the property and the composition of the tenant mix limit letting risks; – Regular progress reporting (realisation vs. budget analyses), and; – Continuous involvement of in-house commercial and technical experts to monitor progress. At year-end 2012 the committed property investments in pipeline amounted to € 49.1 million of which € 46.7 million is already recorded on the balance sheet (see List of Properties on page 213 for the committed investment properties).
Legal and tax risks Risks associated with amendments to tax law and corporate law, or risks arising from the incorrect assessment of contractual provisions or tax exposure.	– Legal and tax claims resulting in fines, loss of income or additional costs; – Loss of tax status; – Reputation damage, and; – Lower direct and indirect investment results.	Internal procedures, comprising: – Evaluation of contractual commitments by internal and where necessary external lawyers and tax experts; – Ensure that staff receive professional training; – Continuous monitoring of the conditions imposed on the application of the tax regime (including financing ratios, mandatory dividend payments and the composition of the shareholder base) by internal and external tax experts, and; – Meticulous analysis of the tax risks involved in acquisitions and disposals (value added tax, transfer tax, deferred tax liabilities and similar).

DESCRIPTION RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
ICT-related risks Risks associated with malfunctions or security issues related to the internal ICT infrastructure.	– Inability to issue internal or external reports correctly or on time; – Loss of relevant information; – Unauthorised access to information by third parties, and; – Reputation damage.	Internal procedures aimed at: – Access security; – Backup and recovery procedures. Daily pickup of backups by an external company; – Regular checks by external experts; – Digitisation of key documents, and; – Hiring in external know-how and experience to keep up to date on ICT developments. The ICT network between the different countries is centralised in Rotterdam, with the individual countries connected to the company Wide Area Network over fixed lines leased from professional network providers.

COMPLIANCE RISKS

Risks associated with non-compliance or inadequate compliance with legislation and regulations, or risks associated with not acting with integrity.	– Reputation damage; – Claims and legal procedures, and; – Lower direct investment results.	– Internal procedures and training aimed at keeping knowledge of legislation and regulations up to date; – Internal code of conduct and whistleblower's code; – Compliance with the code of conduct is discussed with employees at least once a year; – Procedures aimed at hiring staff who will act with integrity (including references, etc), and; – Having the country managers sign an internal Letter of Representation at least once a year.

Only a relatively small number of people work at Vastned who, moreover, are spread across the various country organisations. Activities in the areas of financing, cash management, tax, legal affairs, ICT, research, budgeting and budgetary control are carried out at group level in Rotterdam, which also benefits the local country organisations. Vastned does not have a separate internal audit department. In view of the limited complexity of the day-to-day transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable from the perspective of risk management.

Results of the evaluation of the internal risk management and control systems

In 2012, regular attention was devoted to risk management by the Supervisory Board and the Board of Management, as well as by the organisations in each of the countries in which Vastned operates. A key point in the area of risk management was the impact of the debt crisis on the evolution of rents and the value of the property portfolio and the continuing availability of financing. In relation to financing, a new € 50 million private placement with an average term of 7.5 years was negotiated in 2012 and the suite of banks was expanded through means of a € 31 million three-year loan from BNP Paribas. Further attention was devoted to the immediate risk of the disintegration of the euro. This is not considered probable due to the measures taken by the ECB and the high costs this would entail for all involved countries. The financial statements consequently have been prepared based on the continued existence of the euro.

Various disposals were realised in the context of further improving the quality of the property portfolio. The proceeds in part were used for the purchase of high street shops and in part for improving the loan-to-value ratio.

Additional attention was devoted to contacts with our tenants, so as to improve our ability to anticipate their needs and potential risks. An internal tenant classification system has been developed in order to achieve better insight into their risk profile. Furthermore, as of 2012, the country teams each month report on developments in the balance of accounts receivable and there is very frequent consultation with the country teams concerning potential lease expirations, in order to even more proactively anticipate market trends.

In addition to the renewed strategy, a number of important risks were addressed by the Board of Management as well as in meetings of the Audit Committee and the Supervisory Board in accordance with the annually adopted work plan. These meetings also addressed the design and operation of the associated risk management measures in relation to, among other things, strategic risks, emergency risks (insurances, solvency of the insurer), financial reporting risks, compliance risks (rules of the AFM and NYSE Euronext, as well as those associated with licences and safety regulations), financing and refinancing risks, interest rate risks, IT risks and tax (particularly in relation to the amendment of the tax law in Spain) and legal risks. In terms of the financial reporting risks, additional attention was devoted to the valuation of the property portfolio in the context of the abovementioned external trends. Furthermore, the appraisal instructions were reviewed with the expectation that a limited number of modifications will be made in part due to the report published in 2012 by the Platform of Appraisers and Auditors, entitled 'Goed gewaardeerd vastgoed – 27 aanbevelingen voor taxeren en taxatierapporten' [*Properly Appraised Real Estate – 27 Recommendations for Conducting Appraisals and Preparing Appraisal Reports*].

No significant changes were deemed necessary with respect to the internal risk management and control systems in relation to the identified risks.

With due consideration to the above, the Board of Management is of the opinion that the risk management and control systems in place provide a reasonable degree of assurance about the financial reporting risks and that the risk management and control systems throughout the reporting year operated such that there is a reasonable degree of assurance that the financial reporting is free of material misstatements.

Sensitivity Analysis

The table below includes an overview of the sensitivity of a number of external conditions and variables and its effect on the direct and indirect investment result, or the loan-to-value ratio based on the situation existing at the end of 2012 (ceteris paribus).

Change in:	Effect:
– Increase of 100 basis points in interest rate	– Direct investment result of € 0.10 per share negative
– Increase of 10 basis points in net initial yield used in appraisals	– Indirect investment result of € 1.42 per share negative, loan-to-value ratio 68 bps negative
– Decrease of 100 basis points in occupancy rate	– Direct investment result of € 0.07 per share negative

RESPONSIBILITY STATEMENT OF THE BOARD OF MANAGEMENT CONCERNING ARTICLE 5.25C OF THE FINANCIAL SUPERVISION ACT

In line with best practice II.1.5 of the Dutch Corporate Governance Code and Article 5.25c of the Financial Supervision Act (Wet op het financieel toezicht), the Board of Management to the best of its knowledge declares that insofar as it can be expected to be known:

- the 2012 consolidated financial statements give a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries;
- the additional management information set out in this annual report gives a true and fair view of the state of affairs as at the balance sheet date and the course of events during the financial year of Vastned and its consolidated subsidiaries; and
- the material risks to which Vastned is exposed are set out in the annual report.

Rotterdam, 28 Februari 2013
Board of Management Vastned Retail NV
Taco T.J. de Groot, CEO
Tom M. de Witte, CFO

REPORT OF THE SUPERVISORY BOARD

MESSAGE FROM THE SUPERVISORY BOARD

The Supervisory Board concludes that Vastned in 2012 once again was forced to operate under challenging economic conditions. The Supervisory Board has a great deal of appreciation for the fact that in spite of these challenging conditions, important progress has been achieved in realising the set objectives, linked to the new strategy focused on quality, stability and predictability.

Important steps have been made within the property portfolio in relation to the earlier announced disposals and the property portfolio profile. For example, the share of high street shops within the total property portfolio has grown to 55% due to focused acquisitions and disposals. In this context, over € 145 million in non-strategic assets have been sold in 2012.

The € 31 million loan negotiated with BNP Paribas and a second private placement with Pricoa Capital Group at the beginning of 2012 in the amount of € 50 million have resulted in further diversifying the financing pallet to € 81 million. In spite of the downward valuation of the property portfolio, primarily in Spain, mainly as a result of the earlier mentioned disposals the loan-to-value ratio at 43.9% is solid.

Changes in management, the operating structure and business culture are also desirable in support of the implementation of the renewed strategy. An even greater focus on the interests of the various stakeholders has been achieved with the expansion of and changes within the management team. Furthermore, the extra attention within the organisation to the exchange of local knowledge and experience between country teams, and the use of this knowledge and experience in acquisition and disposal processes and contacts with tenants are examples of this.

During the Annual General Meeting of Shareholders we bade farewell to Klaas Westdijk as a member of the Supervisory Board, since he had reached the 12-year maximum term of appointment. Vastned is especially grateful to Mr Westdijk for his contributions the last twelve years in which he has played an important role in support of the various changes Vastned has gone through. Ms Bax was appointed and Mr Verboom reappointed as member of the Supervisory Board. These (re)appointments ensure the diversity of relevant professional backgrounds and experience within the Supervisory Board.

The coming year is expected to continue to be tough. The further roll-out of the strategy is expected to result in greater stability of the cash flows and in a further reduction of the portfolio's risk profile. In view of the dedication with which the strategy is being implemented by the Board of Management and staff, step by step and in a practical way, we are convinced that Vastned will also be able to realise the specified strategic goals in the future.

In this report of the Supervisory Board, we render account about the way in which we have discharged our tasks and responsibilities.

As Supervisory Board, we would like to thank the shareholders, tenants and other stakeholders for their confidence in the Company. Furthermore, we would like to express our appreciation for the efforts of the Board of Management and the Company's staff and would like to compliment them on the result achieved in 2012.

Rotterdam, 28 February 2013

Supervisory Board of Vastned
Wouter J. Kolff, chairman
Pieter M. Verboom, vice-chairman and chairman Audit Committee
Jeroen B.J.M. Hunfeld
Marieke Bax, chairman Remuneration Committee

SUPERVISORY RESPONSIBILITIES OF THE SUPERVISORY BOARD

GENERAL APPROACH

The Supervisory Board met a total of eight times in 2012. Seven of these meetings were held in accordance with a preceding set meeting schedule. One meeting was held outside the regular meeting schedule and primarily focused on discussing the options for improving the Company's capital position. The full Board of Management, Managing Director Operations & Investments and the Company Secretary were present at all meetings. The average meeting attendance of the members of the Supervisory Board was 94%.

In the context of making sound decisions, the Board of Management always kept the Supervisory Board supplied with sufficient information in time. The Supervisory Board was informed about the relevant aspects related to the business and the Company during all meetings. In these meetings, the Supervisory Board assessed regularly recurring items, such as the Company's financial and operating results, as well as the reporting of these results in press releases. In addition, a number of other important non-recurring items were discussed during these meetings as described below.

Almost all topics were discussed on the basis of memoranda and/or presentations provided by the Board of Management. In preparation for the meetings of the complete Supervisory Board, various relevant documents were separately discussed in the various committees of the Supervisory Board. The chairmen of these committees reported on these discussions in the meetings of the full Supervisory Board.

Between meetings there was ad hoc contact between individual members of the Supervisory Board and members of the Board of Management. The chairman of the Supervisory Board acts as the initial point of contact within the Supervisory Board. The CEO and the chairman of the Supervisory Board discussed the Company's current affairs and its general state of affairs at various times. The chairman of the Audit Committee was in regular contact with the CFO. In addition, one of the members of the Supervisory Board met with various employees within the organisation on an individual basis.

The Company Secretary functions as the Secretary of the Board of Management, as well as the Supervisory Board. The Secretary organises the usual organizational tasks related to the Supervisory Board. Furthermore, the Secretary is responsible for providing individual support to the members of the Supervisory Board and specifically the chairman of the Supervisory Board. Important items in this respect concerns the process of organising the Supervisory Board and its committees, the information exchange between the Board of Management and the Supervisory Board (including the scheduling and agenda of meetings and the progress monitoring related to action points), the Annual General Meeting of Shareholders, monitoring of the corporate governance requirements and the communication with all other relevant parties.

TOPICS OF DISCUSSION

Key Topics in 2012

All regular topics were discussed during the meetings of the Supervisory Board. The progress in 2012 of the renewed strategy initiated at the end of 2011 and the associated new organisation structure received special attention in the various meetings of the Supervisory Board throughout the year. In this context, the Supervisory Board focused on the progress achieved in turning over the property portfolio and various acquisitions and disposals were discussed.

The extra meeting of October 2012 was devoted to discussing various options designed to improve Vastned's capital position. This included a focus on the existing dividend policy and the policy on reserves, acquisitions and disposals and further diversification of the financing. Vastned has since proposed an amended dividend policy and several important investments and divestments have occurred. In addition, the option of issuing trading updates during the first and third quarter effective from 2013 was discussed with the Supervisory Board and this option was adopted.

At the end of November 2012, the Supervisory Board in a separate strategy meeting discussed to what extent the strategy is still current or requires adjustment. A key issue in this respect was to what extent the strategy is able to withstand the crisis on the financial and real estate markets and the pressure on consumer spending. The Supervisory Board concluded that the outcome of this strategy assessment process was that Vastned is pursuing the proper strategic direction. As an extension to this, the 2013–2015 business plan was discussed and approved.

Regular Topics

In each of the regular meetings in 2012, the financial and operating results of the Company over the past quarter were discussed and subsequently approved. In this respect the key developments in the property portfolio in each country were reviewed in-depth in terms of property valuations and lettings. Furthermore, the Board of Management's outlook for these results was assessed in each meeting. Other regular items on the agenda included topics such as the acquisition and disposal of real estate and developments related to the financing and refinancing of the loan portfolio.

Corporate social responsibility (CSR)

CSR is an element that was discussed on a quarterly basis in the context of the reporting by the Board of Management about the property portfolio's state of affairs to the Supervisory Board.

Risk management

Regular attention was devoted to the key risks associated with the business operations of the Company, including the risks associated with the valuation process, the interest rate and financing risks, keeping rent levels up to par, the occupancy rate and accounts receivable risks. The setup and operation of the internal risk management and control systems linked to this were periodically evaluated and discussed with the Supervisory Board. As a broadening to the internal risk management and control systems, all rent expires within 18 monts are guarded and discussed by the Board of Management and the country managers in 2012.

Annual figures 2011

The meeting in March 2012 was primarily devoted to discussing the results for the 2011 financial year, the financial statements and the external accountant's report. The 2011 annual figures were discussed in the presence of the two accountants from Deloitte. No subjects were discussed during this reporting that are of such importance that they require mention in this report.

The financial objectives for the Board of Management and staff for 2012 were discussed and adopted. Furthermore, the Supervisory Board discussed the proposal calling for the final dividend for 2012 to be paid in cash or in shares. The Supervisory Board agreed for this proposal to be submitted to the 2011 Annual General Meeting of Shareholders for consideration. The Meeting adopted this proposal on 2 May 2012. In addition, a new financial calendar and meeting agenda were adopted. The impact of the amended interest deduction restriction in Spain on the Vastned's fiscal position was discussed. Finally, the Board of Management reported on the activities in the area of account management within the organisation.

First quarter 2012 figures and evaluation of external accountant

The figures for the first quarter 2012 were discussed and approved at the beginning of May 2012. Due to the changed composition of the Supervisory Board as a result of the stepping down of Mr Westdijk and the subsequent appointment of Ms Bax, the positions within the Supervisory Board were formally adopted. Finally, the evaluation of the external accontant was discussed in this meeting by the Audit Committee.

Istanbul working visit

It is the Supervisory Board's goal to conduct a working visit in one of the countries in which Vastned operates at least once a year. At the end of 2012, the Supervisory Board together with the Board of Management and the country management in Spain made a visit to Istanbul. During this visit, Vastned's property portfolio in Turkey was visited, as well as various competitor projects, and the Supervisory Board received a briefing about the macroeconomic developments in Turkey from a leading economics professor at Istanbul University. Finally, the Turkish country manager briefed the Supervisory Board on the operational state of affairs.

2012 half-year figures

The 2012 half-year figures were dealt with in the meeting of August 2012. The topic personnel was discussed, including the expansion and change of the management team in the Netherlands and the change to the country management team in France. In addition, extensive reporting took place on shareholder contacts during the first six months of the year and the policy related to Investor Relations. Finally, the investment proposal for the high street shop at the Rue de Rivoli 102 in Paris was discussed and approved.

Nine months' figures and capital position

The meeting at the beginning of November 2012 was primarily focused on the nine months' figures. In addition, a decision was taken to implement various options designed to strengthen the capital position, including the proposal for amending the dividend policy. The divestment proposal for the Roermond Retail Park was approved outside the meetings in December 2012.

Investor relations

The Supervisory Board was well informed during the year in the area of Investor Relations. Updates were provided during the various meetings and the reports produced about Vastned by the various analysts were always sent to the Supervisory Board on time. Analysts and external consultants gave presentations during three meetings to provide the Supervisory Board with insight into their view of Vastned and more generally into the dynamics of the real estate investment market. The Supervisory Board get a daily update via email on real-estate developments.

In terms of the contacts with shareholders, the Supervisory Board is of the opinion that these should primarily take place in the shareholders' meetings. A high degree of participation in these meetings is considered to be of the utmost importance. In addition, the Supervisory Board is of the opinion that contacts between the Company and shareholders outside the shareholders' meetings can be in the interest of the Company as well as the shareholders.

The Supervisory Board will see to it that the Company, in instances where this is considered important, accedes to shareholders' requests for having a meeting. The Company itself can also take the initiative of having a meeting with a shareholder. The Company has formulated a high-level policy concerning bilateral contacts with shareholders, investors, analysts and the media.

Evaluation of the Supervisory Board

Each year the Supervisory Board evaluates its own performance. At the end of November 2012, the Supervisory Board evaluated its own performance and that of the individual members in a closed meeting. All members of the Supervisory Board completed an extensive questionnaire for this purpose that on the one hand focused on institutional and procedural aspects, such as the composition and profile of the Supervisory Board, the decision-making process, the quality of the supervisory process and the provision of information to and communication with the Supervisory Board. On the other hand the questionnaire focused on the relational aspects, including the performance as a team and individually, the relationship with the Board of Management and the performance of the chairman of the Supervisory Board. In addition, the Board of Management and the Company Secretary were asked for feedback on the basis of a comparable questionnaire. The individual responses to these questionnaires were sent anonymously to the Company Secretary, who summarised all of these responses in a general report. This report constituted the basis for the Supervisory Board to discuss its own performance.

It was apparent from the evaluation that various areas for improvement from the previous evaluation were followed up. In terms of the 2012 evaluation, the conclusion is that the Supervisory Board performs well. It was decided to adopt a number of minor suggestions for improving the performance of the Supervisory Board.

Permanent education

The members of the Supervisory Board can take courses related to any topic that is important to exercising supervision. In the context of permanent education, various members of the Supervisory Board took part in modules dealing with various subjects, for example in the area Corporate Governance.

The member appointed to the Supervisory Board in 2012, Ms Bax, participated in an introductory programme that primarily consisted of bilateral sessions with members of the management team related to the property portfolio, financing and legal and tax matters.

REPORT OF THE COMMITTEES OF THE SUPERVISORY BOARD

In 2012, the Supervisory Board was supported by three committees that prepared the subjects delegated to them for decision-making in the plenary Supervisory Board: the Audit Committee, the Remuneration Committee and the Selection and Nomination Committee. The members of the committees are part of the Supervisory Board. Each committee reports its findings via its chairman to the full Supervisory Board. The committees also report in writing on the meetings held by them.

Report of the Audit Committee

Tasks

The Audit Committee is charged with supervising the Board of Management primarily on financial issues. The committee among other things supervises the financial reporting process, the statutory audit of the financial statements and the consolidated financial statements, the Company's risk management system, compliance with laws and regulations, and the operation of the code of conduct. After each meeting, the Audit Committee draws up a report of its deliberations and findings.
The committee reports on the developments in the relationship with the external accountant at least once a year. A thorough assessment is carried out of the external accountant's performance once every four years.

Composition

The Audit Committee consists of two members, Messrs Verboom (chairman) and Hunfeld. The composition of the Audit Committee remained unchanged during the reporting year. Mr Verboom qualifies as a financial expert under the Dutch Corporate Governance Code.

Summary of activities

The Audit Committee met six times in 2012, during which all of its members were present each time. The Board of Management was always present during these meetings with the external accountant. Minutes were prepared for all meetings and were shared with the complete Supervisory Board. The external accountant, Deloitte, attended part of each of four meetings.

During the meetings the following regular topics were discussed: the 2011 financial statements, the (interim) financial reports for the 2012 financial year, various IFRS developments, risk and cost control, the Company's financing and liquidity, insurance matters, the Company's fiscal and legal position, the internal audit and administrative organisation, publicity risks, shareholders' complaints, integrity, compliance, the Board of Management's expenses and compliance with other relevant laws and regulations.

Several subjects were discussed more extensively during the 2012 reporting year. In terms of the financial reporting risks, additional attention was devoted to the valuation of the property portfolio. The taxation instructions were reviewed with the expectation that a limited number of modifications will be made in part due to the report published in 2012 by the Platform of Appraisers and Auditors entitled 'Goed gewaardeerd vastgoed – 27 aanbevelingen voor taxeren en taxatierapporten' (*Properly Appraised Real Estate - 27 Recommendations for Conducting Appraisals and Preparing Appraisal Reports*).

At the beginning of May, the Audit Committee evaluated the performance of the external accountant and concluded that it was satisfactory. In this meeting, the Audit Committee also extensively discussed Vastned's pension position and the related risks, in the presence of the external accountant. The finding of this discussion, among other things, was that the type of scheme has a limited impact on the financial figures. The above subject matter was also explained more extensively in the 2011 annual report. Furthermore, the Board of Management discussed the immediate risk of the disintegration of the euro with the Audit Committee. This is not considered probable due to the measures taken by the ECB and the high costs this would entail for all involved countries.

In August 2012, the Audit Committee in the presence of the external accountant, Deloitte, discussed the reporting of the 2012 half-year figures. This did not involve an extensive review of the figures, but rather primarily an audit of the procedures used. No subjects were discussed in the management letter that are of such importance that they require mention in this report.

The nine months' figures were discussed at the beginning of November 2012. The follow-up to the report issued by the external accountant in the context of the audit of the 2011 financial statements was discussed. Deloitte concluded that areas identified for follow-up in the previous year had been actioned. During the discussion of these reports with the external accountant no subjects were discussed that are worthy of mention in this report. In addition, the risks related to letting and the accounts receivables were discussed and the Company's treasury statute was amended. This involved a number of minor textual refinements and insight into deviations from objectives will be provided more frequently.

Report of the Remuneration Committee

Tasks

The fixed tasks of the Remuneration Committee include the assessment of the Board of Management's realisation of the performance objectives and the preparation of objectives for the short-term and long-term variable remuneration. The Remuneration Committee, in part with the assistance of external consultants, monitors the trends and developments related to the remuneration policy and regularly checks whether the current remuneration policy still matches the current market picture and the current Corporate Governance provisions. In addition, the Remuneration Committee draws up the remuneration report as advice for the Supervisory Board and for adoption by the General Meeting of Shareholders. The Supervisory Board's remuneration report is contained on page 187 in the annual report and is separately available as part of the meeting documents for the General Meeting of Shareholders.

Composition

The composition of the Remuneration Committee was changed during the reporting year. Up to and including the General Meeting of Shareholders of 2 May 2012, the committee consisted of Messrs Westdijk (chairman) and Kolff. Effective 2 May 2012, the committee consists of Ms Bax (chairman) and Mr Verboom.

Summary of activities

The committee met three times in 2012 during which all of its members were present each time. The CEO was present during one meeting; minutes were prepared for all meetings and were shared with the full Supervisory Board. In addition, the committee regularly held discussions outside its regular meetings. During the reporting year the Remuneration Committee informed itself on various topics, such as the most recent Corporate Governance developments, conducted a remuneration survey concerning the Management Board's fixed basic salary and acquired current insight into the Company's general remuneration structure. In addition, performance criteria were formulated for the short-term bonus awarded to the Board of Management and staff, and scenario analyses were conducted. Finally, various internal regulations were reviewed and recommendations were made for adjusting them in 2013.

Report of the Selection and Nomination Committee

Tasks

The tasks of the Selection and Nomination Committee include drawing up selection and appointment criteria, regularly assessing the members of the Supervisory Board and the Board of Management, supervising the Board of Management in the matter of senior management appointments and taking concrete decisions with regard to selection and appointments. The activities of the Selection and Nomination Committee consist of making preparations in support of the decision-making process concerning the recruitment and selection, appointment and evaluation of members of the Supervisory Board and members of the Board of Management. In addition, the Committee regularly assesses the size and composition of the Supervisory Board and the Board of Management.

Composition

The Selection and Nomination Committee comprises all members of the Supervisory Board; Mr Kolff is its chairman.

Summary of activities

The committee met once in 2012 with all of its members present. The Board of Management was present during this meeting. The key subjects consisted of completing the search for a new member for the Supervisory Board and the nomination of Mr Verboom as a member of the Supervisory Board for his third term. The committee satisfied itself that the members meet the suitability requirements specified by the AFM.

Summary of the Remuneration Report

The remuneration report concerning the Board of Management and the Supervisory Board is placed on the Company's website and is included on page 187 in this annual report.

INTERNAL ORGANISATION OF THE SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD

Wouter J. Kolff, chairman (1945, male), chairman
Nationality: Dutch
Position: retired, former vice-chairman of the Management Board of Rabobank International

Supervisory memberships/other positions
- Strategic Global Advisor Yesbank, Mumbai, India;
- Member of the S.A.C. Management Board Pei Taiwan Holdings BV;
- Member of the Supervisory Board of Cosmos Bank Taiwan, and;
- Member of the Supervisory Board of Fetim BV and Benovem BV;

Pieter M. Verboom (1950, male), vice-chairman
Nationality: Dutch
Position: CFO RFS Holland Holding B.V. and former CFO/Executive Vice-president Schiphol Group

Supervisory memberships/other positions
- Member of the Supervisory Board of Tennet;
- Member of the Advisory Board of the NIBC Merchant Bank;
- Chairman of the Board of Governors of the Master's Register Controller degree, Erasmus University;
- Expert member (deputy) of the Enterprise Chamber of the Appeal Court;
- Member of the Board of Directors of Brisbane Airport Company, and;
- Advisor John F. Kennedy Airport New York;

Jeroen B.J.M. Hunfeld (1950, male)
Nationality: Dutch
Position: shareholder and partner AHA Company B.V. (informal investors), former COO Koninklijke Vendex KBB, former chairman BBDO Nederland

Supervisory memberships/other positions
- Chairman of the Supervisory Board of Jamin Winkelbedrijven, Oosterhout, the Netherlands;
- External member of the Supervisory Board of Italo Suisse, Comines, Belgium;
- Member of the Advisory Board of Verenigde Bedrijven Nimco, Berg en Dal, the Netherlands;
- Member of the Supervisory Board of Vroegop en Ruhe, Amsterdam;
- Non-executive board member of Caringo inc., Austin, Texas, USA, and;

Marieke Bax MBA, LL.M. (1961, female)
Nationality: Dutch
Position: Member Monitoring Committee 'Talent to the Top', former member Supervisory Board ASR insurance and various management positions with Sara Lee

Other positions
- Member of the Supervisory Board of the Frans Hals Museum;
- Member of the Supervisory Board De Kleine Komedie and the Fund for the Performing Arts, and;
- Member of the Supervisory Board CSM Nederland NV.

For a more elaborate overview of the biographies of the members of the Supervisory Board, visit Vastned's website. All positions and other positions have been checked against the criteria specified in the Management and Supervision (Public and Private Companies) Act.

The retirement schedule for the coming years is as follows:

	Date Initial Appointment	End of Four-year Term(s)	Year of Reappointment(s)	Latest retirement year
Wouter J. Kolff	2006	2010, 2014	2010	2018
Pieter M. Verboom	2004	2008, 2012	2008, 2012	2016
Jeroen B.J.M. Hunfeld	2007	2011	2011	2019
Marieke Bax	2012	2016		2024

The articles of association stipulate that a period in office is limited to three terms of four years.

PROFILE OF THE SUPERVISORY BOARD

As at year-end 2012, the Supervisory Board comprised four members. Of these four members one is female (25%). All members are of Dutch nationality. The average age is 60.5 years in a range from 51 to 67 years. All members have a university degree or equivalent. The members' expertise is always composed such that the members provide a proper and varied mix of knowledge, experience and insight pertaining to the markets in which Vastned operates. The Supervisory Board profile guarantees that the Supervisory Board has the proper composition and may be inspected on the Company's website.

The Supervisory Board is of the opinion that a mixed composition in terms of factors such as nationality, gender, age, expertise, experience and background constitutes a key prerequisite for the effective performance of an Supervisory independent Board.
The Supervisory Board concludes that the Supervisory Board in its current composition has the required diversity based on age, expertise, experience and background. According to the Dutch Act on Management and Supervision ('Wet Bestuur en Toezicht'), at least 30 percent of the positions are to be held by women and at least 30 percent by men. At present, the Supervisory Board is not yet allocated in this manner. Partly depending on the profile of the members to step down in the future, an assessment will be carried out to determine the required profile of the new members. Naturally the diversity targets, including a balanced distribution between men and women will be a factor in such considerations.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

At the closing of the Annual General Meeting of Shareholders of 2 May 2012, Mr Westdijk stepped down as vice-chairman of the Supervisory Board, having reached the twelve-year maximum term of appointment.

Ms Bax was nominated to succeed Mr Westdijk given her experience as a member of the Supervisory Board of several large and medium-sized listed companies, as well as her business experience as CFO and takeover specialist with an international 'branded consumer goods' enterprise, among other things. In addition, she has legal knowledge and experience in the field of Corporate Governance. The Annual General Meeting of Shareholders appointed her as new member of the Supervisory Board on 2 May 2012. In addition, Mr Verboom was reappointed as a member of the Supervisory Board by the Annual General Meeting of Shareholders during the same meeting.

FINANCIAL STATEMENTS AND DIVIDEND

FINANCIAL STATEMENTS

We are pleased to present the annual report of Vastned prepared by the Board of Management for the 2012 financial year. The financial statements have been audited by Deloitte, who issued an unqualified opinion on them. We recommend that you:

1. Adopt the financial statements without change in accordance with Article 27 of the articles of association;
2. Discharge the members of the Board of Management for the management provided during 2012, and;
3. Discharge the members of the Supervisory Board for the supervision of the management provided during 2012.

The members of the Supervisory Board have endorsed the financial statements on the basis of their statutory obligations pursuant to Article 2:101, paragraph 2 of the Dutch Civil Code.

NEW DIVIDEND POLICY

Vastned will submit a new dividend policy to the Annual General Meeting of Shareholders of 19 April 2013 to be put to a vote. The reason for this is that an evaluation was conducted in 2012 that specifically assessed the dividend policy's conformance with market conditions, and its consistency with Vastned's strategy and its implementation. The current dividend policy is based on payment of the full direct investment result with the possibility to draw down a portion in the form of a stock dividend, which meets the capital needs as and when required. This means that for the 2011 financial year approximately 80% of the direct investment result per share was paid in cash and that the stock dividend increased the issued capital by 2.4% this year. The latter resulted in a dilution of the investment result and of the net asset value per share.

On the basis of the above, the Board of Management and the Supervisory Board are proposing a new dividend policy in which at least 75% of the direct investment result per share will be distributed as dividend. The capital needs that may arise can be met with this adjusted payout. The precondition in this regard is that the Company will continue to meet the fiscal distribution obligation pursuant to Article 28 of the 1969 Corporate Income Tax Act. Whether, and if so to what extent, this dividend will also be paid in the form of a stock dividend will depend on the possible dilution of the investment result and the net asset value per share, the capital strength and needs of the Company and the financing market. The amendment of the dividend policy prevents the dilution of the share. In addition, the aim is to achieve annual growth in the dividend per share. The payment of an interim dividend in the amount of 60% of the direct investment result per share over the first six months of the year will be maintained. This new dividend policy is in line with Vastned's strategy, focused on quality, stability and predictability.

DIVIDEND PROPOSAL

We can agree with the proposal by the Board of Management to allow the new policy to go into effect as part of the final dividend for 2012. This means that shareholders will receive a dividend in the amount of € 2.55 per share in cash. The proposed effective date of the new dividend policy, either as of 2012 or as of 2013, as well as the dividend to be distributed will be submitted to the Annual General Meeting of Shareholders of 19 April 2013 in Amsterdam.

EPRA KEY PERFORMANCE MEASURES

EPRA BEST PRACTICES-RECOMMENDATIONS

In August 2011, EPRA's Reporting and Accounting Committee published the updated EPRA Best Practices Recommendations (BPR). The BPRs contain recommendations concerning the determination of key performance indicators for measuring the performance of the property portfolio. Vastned endorses the importance of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report. For this reason, Vastned has decided to include the key performance indicators in a separate chapter of the annual report. The statements included in this chapter are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.
The EPRA BPR Checklist is available on Vastned's website: *www.vastned.com*.

EPRA PERFORMANCE INDICATORS

			x € 1,000		Per share (x € 1)	
EPRA performance indicator [1]	Page	Schedule	2012	2011	2012	2011
EPRA Earnings	124	1	62,548	66,964	3.31	3.61
EPRA NAV	126	2	975,357	1,075,726	51.23	57.77
EPRA NNNAV	126	3	911,647	1,025,458	47.89	55.07
EPRA Net Initial Yield (NIY)	126	4 (i)	5.7%	5.6%		
EPRA 'topped-up' NIY	126	4 (ii)	6.0%	5.7%		
EPRA Vacancy Rate	129	5	5.1%	4.9%		

1 The EPRA performance indicators are calculated on the basis of the definitions published by the EPRA and are included in the list of definitions on page 214.

DIRECT AND INDIRECT INVESTMENT RESULT

(x € 1,000)

1 EPRA EARNINGS

	2012	2011
DIRECT INVESTMENT RESULT		
Gross rental income	133,484	132,532
Ground rents paid	(603)	(587)
Net service charge expenses	(3,056)	(2,026)
Operating expenses	(14,129)	(14,283)
Net rental income	115,696	115,636
Financial income	1,889	2,174
Financial expenses	(37,706)	(37,290)
Net financing costs	(35,817)	(35,116)
General expenses	(8,904)	(7,057)
Direct investment result before taxes	70,975	73,463
Current income tax expense	(1,734)	(87)
Direct investment result after taxes	69,241	73,376
Direct investment result attributable to non-controlling interests	(6,693)	(6,412)
Direct investment result attributable to Vastned Retail shareholders	**62,548**	**66,964**

	2012	2011
INDIRECT INVESTMENT RESULT		
Value movements investment properties in operation	(126,359)	38,879
Value movements investment properties in pipeline	4,118	(6,478)
Total value movements investment properties	(122,241)	32,401
Net result on disposals of investment properties	1,206	2,446
Value movements financial derivatives	(1,397)	1,279
Indirect investment result before taxes	(122,432)	36,126
Movement deferred tax assets and liabilities	17,672	(591)
Indirect investment result after taxes	(104,760)	35,535
Indirect investment result attributable to non-controlling interests	1,198	(6,402)
Indirect investment result attributable to Vastned Retail shareholders	**(103,562)**	**29,133**
Direct investment result attributable to Vastned Retail shareholders	62,548	66,964
Indirect investment result attributable to Vastned Retail shareholders	(103,562)	29,133
Investment result attributable to Vastned Retail shareholders	**(41,014)**	**96,097**
PER SHARE (x € 1)		
Direct investment result attributable to Vastned Retail shareholders	3.31	3.61
Indirect investment result attributable to Vastned Retail shareholders	(5.48)	1.56
Investment result attributable to Vastned Retail shareholders	**(2.17)**	**5.17**

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

The indirect investment result attributable to Vastned Retail shareholders consists of the value movements and the net result on disposals of investment properties, movements in deferred tax assets and/or deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

2 AND 3 EPRA NAV AND EPRA NNNAV

	31-12-2012		31-12-2011	
		Per share (x € 1)		Per share (x € 1)
Equity Vastned Retail shareholders	903,257	47.45	1,000,393	53.72
Fair value of financial derivatives	48,063	2.52	44,091	2.37
Deferred tax	24,037	1.26	31,242	1.68
EPRA NAV	**975,357**	**51.23**	**1,075,726**	**57.77**
Fair value of financial derivatives	(48,063)	(2.52)	(44,091)	(2.37)
Fair value of interest-bearing loans[1)]	185	0.01	10,958	0.59
Deferred tax	(15,832)	(0.83)	(17,135)	(0.92)
EPRA NNNAV	**911,647**	**47.89**	**1,025,458**	**55.07**

4 EPRA NET INITIAL YIELD EN EPRA TOPPED-UP NET INITIAL YIELD AS AT 31 DECEMBER 2012

	Netherlands		France	
	2012	2011	2012	2011
Investment properties	719,530	792,130	472,477	475,219
excluding:				
Investment properties in pipeline	(2,250)	(4,720)	(595)	(10,680)
Investment properties in operation	717,280	787,410	471,882	464,539
plus:				
Estimated transaction fees	53,989	59,267	31,191	30,599
Investment value of investment properties in operation (B)	**771,269**	**846,677**	**503,073**	**495,138**
Annualised cash passing rental income	49,891	53,330	28,428	26,854
Property outgoings	(5,906)	(6,625)	(1,812)	(1,408)
Annualised net rental income (A)	**43,985**	**46,705**	**26,616**	**25,446**
Effect of rent-free periods and other lease incentives	475	96	133	768
Topped-up annualised net rental income (C)	**44,460**	**46,801**	**26,749**	**26,214**
(i) EPRA Net Initial Yield (A/B)	5.7%	5.5%	5.3%	5.1%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.8%	5.5%	5.3%	5.3%

1 The calculation of the fair value is based on the swap yield curve at year-end 2012 and the credit spreads in effect at year-end 2012.

Belgium 2012	Belgium 2011	Spain 2012	Spain 2011	Turkey 2012	Turkey 2011	Portugal 2012	Portugal 2011	Total 2012	Total 2011
331,109	333,744	318,584	411,873	127,093	103,659	12,192	12,404	1,980,985	2,129,029
–	–	–	–	(46,694)	(74,181)	–	–	(49,539)	(89,581)
331,109	333,744	318,584	411,873	80,399	29,478	12,192	12,404	1,931,446	2,039,448
41,814	42,094	8,169	10,561	2,176	712	1,060	1,079	138,399	144,312
372,923	**375,838**	**326,753**	**422,434**	**82,575**	**30,190**	**13,252**	**13,483**	**2,069,845**	**2,183,760**
22,120	21,990	28,601	29,881	2,709	1,618	1,077	1,010	132,826	134,683
(1,576)	(1,810)	(4,457)	(3,337)	(114)	(29)	(26)	(26)	(13,891)	(13,235)
20,544	**20,180**	**24,144**	**26,544**	**2,595**	**1,589**	**1,051**	**984**	**118,935**	**121,448**
254	96	1,634	1,866	2,280	–	-	–	4,776	2,826
20,798	**20,276**	**25,778**	**28,410**	**4,875**	**1,589**	**1,051**	**984**	**123,711**	**124,274**
5.5%	5.4%	7.4%	6.3%	3.1%	5.3%	7.9%	7.3%	5.7%	5.6%
5.6%	5.4%	7.9%	6.7%	5.9%	5.3%	7.9%	7.3%	6.0%	5.7%

	High street shops		Other property investments		Total	
	2012	2011	2012	2011	2012	2011
Investment properties	1,094,228	1,050,502	886,757	1,078,527	1,980,985	2,129,029
excluding:						
Investment properties in pipeline	(46,694)	(76,531)	(2,845)	(13,050)	(49,539)	(89,581)
Investment properties in operation	1,047,534	973,971	883,912	1,065,477	1,931,446	2,039,448
plus:						
Estimated transaction fees	79,965	76,356	58,434	67,956	138,399	144,312
Investment value of investment properties in operation (A)	**1,127,499**	**1,050,327**	**942,346**	**1,133,433**	**2,069,845**	**2,183,760**
Annualised cash passing rental income	61,490	58,658	71,336	76,025	132,826	134,683
Property outgoings	(5,024)	(5,340)	(8,867)	(7,895)	(13,891)	(13,235)
Annualised net rental income (B)	**56,466**	**53,318**	**62,469**	**68,130**	**118,935**	**121,448**
Effect of rent-free periods and other lease incentives	2,901	784	1,875	2,042	4,776	2,826
Topped-up annualised net rental income	**59,367**	**54,102**	**64,344**	**70,172**	**123,711**	**124,274**
(i) EPRA Net Initial Yield (A/B)	5.0%	5.1%	6.6%	6.0%	5.7%	5.6%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.3%	5.2%	6.8%	6.2%	6.0%	5.7%

5 EPRA VACANCY RATE (in %)

31-12-2012

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated market rental value (ERV) of vacancies	Estimated market rental value (ERV)	EPRA Vacancy Rate
Netherlands	52,647	45,366	241,098	49,891	1,626	51,284	3.2%
France	27,927	25,540	103,697	28,428	1,699	30,937	5.5%
Belgium	22,245	19,881	150,771	22,120	609	22,499	2.7%
Spain	27,538	22,008	140,901	28,601	3,165	29,160	10.9%
Turkey	2,085	1,908	7,800	2,709	–	5,138	–
Portugal	1,042	993	3,423	1,077	–	884	–
Total investment properties in operation	**133,484**	**115,696**	**647,690**	**132,826**	**7,099**	**139,902**	**5.1%**
High street shops	59,185	52,042	201,035	61,490	1,949	66,796	2.9%
Other investment properties	74,299	63,654	446,655	71,336	5,150	73,106	7.0%
Total investment properties in operation	**133,484**	**115,696**	**647,690**	**132,826**	**7,099**	**139,902**	**5.1%**

31-12-2011

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated market rental value (ERV) of vacancies	Estimated market rental value (ERV)	EPRA Vacancy Rate
Netherlands	52,603	44,697	290,995	53,330	2,115	57,758	3.7%
France	26,195	23,862	105,473	26,854	1,655	30,391	5.4%
Belgium	21,300	19,557	161,036	21,990	781	23,047	3.4%
Spain	29,816	25,346	141,546	29,881	2,616	31,669	8.3%
Turkey	1,604	1,277	2,790	1,618	–	1,837	–
Portugal	1,014	897	3,423	1,010	–	885	–
Total investment properties in operation	**132,532**	**115,636**	**705,263**	**134,683**	**7,167**	**145,587**	**4.9%**
High street shops	57,185	50,159	211,274	58,658	2,103	64,783	3.2%
Other investment properties	75,347	65,477	493,989	76,025	5,064	80,804	6.3%
Total investment properties in operation	**132,532**	**115,636**	**705,263**	**134,683**	**7,167**	**145,587**	**4.9%**

FINANCIAL STATEMENTS 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

	Notes	2012	2011
NET INCOME FROM INVESTMENT PROPERTIES			
Gross rental income	4, 25	133,484	132,532
Ground rents paid	4	(603)	(587)
Net service charge expenses	4	(3,056)	(2,026)
Operating expenses	4	(14,129)	(14,283)
Net rental income		115,696	115,636
Value movements investment properties in operation	5	(126,359)	38,879
Value movements investment properties in pipeline	5	4,118	(6,478)
Total value movements investment properties		(122,241)	32,401
Net result on disposals of investment properties	6	1,206	2,446
Total net income from investment properties		**(5,339)**	**150,483**
EXPENDITURE			
Financial income	7	1,889	2,174
Financial expenses	7	(37,706)	(37,290)
Value movements financial derivatives	7	(1,397)	1,279
Net financing costs		(37,214)	(33,837)
General expenses	8	(8,904)	(7,057)
Total expenditure		**(46,118)**	**(40,894)**
Investment result before taxes		**(51,457)**	**109,589**
Current income tax expense	9	(1,734)	(87)
Movement deferred tax assets and liabilities	9	17,672	(591)
		15,938	(678)
Investment result after taxes		**(35,519)**	**108,911**
Investment result attributable to non-controlling interests		(5,495)	(12,814)
Investment result attributable to Vastned Retail shareholders		**(41,014)**	**96,097**
PER SHARE (x € 1)			
Investment result attributable to Vastned Retail shareholders	10	(2.17)	5.17
Diluted investment result attributable to Vastned Retail shareholders	10	(2.17)	5.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	2012	2011
Investment result	(35,519)	108,911
Value movements financial derivatives recognised directly in equity	(3,440)	(9,081)
Translation differences on net investments	(435)	(1,249)
Taxes related to other comprehensive income	(1,360)	943
Other comprehensive income after taxes	(5,235)	(9,387)
Total result	**(40,754)**	**99,524**
Attributable to:		
Vastned Retail shareholders	(46,431)	86,732
Non-controlling interests	5,677	12,792
	(40,754)	**99,524**

PER SHARE (x € 1)

Total result attributable to Vastned Retail shareholders	(2.46)	4.66

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	Notes	2012	2011
ASSETS			
Investment properties in operation	12	1,926,713	2,034,900
Accrued assets in respect of lease incentives	12	4,733	4,548
		1,931,446	2,039,448
Investment properties in pipeline	12	49,539	89,581
Total investment properties		**1,980,985**	**2,129,029**
Tangible fixed assets		1,595	1,115
Financial derivatives	23	2,222	1,529
Deferred tax assets	13	345	478
Total fixed assets		**1,985,147**	**2,132,151**
Debtors and other receivables	14,16	12,959	9,560
Income tax		513	483
Cash and cash equivalents	15,16	4,908	4,339
Total current assets		**18,380**	**14,382**
Total assets		**2,003,527**	**2,146,533**

	Notes	2012	2011
EQUITY AND LIABILITIES			
Capital paid-up and called	17	95,183	93,106
Share premium reserve		468,555	470,705
Hedging reserve in respect of financial derivatives		(44,747)	(39,765)
Translation reserve		(2,464)	(2,029)
Other reserves		427,744	382,279
Investment result attributable to Vastned Retail shareholders	10	(41,014)	96,097
Equity Vastned Retail Shareholders		903,257	1,000,393
Non-controlling interests		118,705	105,308
Total equity		**1,021,962**	**1,105,701**
Deferred tax liabilities	13	13,037	23,781
Provisions in respect of employee benefits	18	761	841
Long-term interest-bearing loans	19, 23	676,618	755,031
Financial derivatives	23	49,393	44,689
Long-term tax liabilities	20	561	1,042
Guarantee deposits and other long-term liabilities		9,019	10,269
Total long-term liabilities		**749,389**	**835,653**
Payable to banks	21	77,023	139,494
Redemption long-term interest-bearing loans	19	115,522	22,212
Financial derivatives	23	3,202	2,347
Income tax		792	3,515
Other liabilities and accruals	22	35,637	37,611
Total short-term liabilities		**232,176**	**205,179**
Total equity and liabilities		**2,003,527**	**2,146,533**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve
Balance as at 1 January 2011	92,476	471,370	(31,649)	(780)
Investment result	–	–	–	–
Value movements financial derivatives after deduction of taxes	–	–	(8,116)	–
Translation differences on net investments	–	–	–	(1,249)
Total result	–	–	*(8,116)*	*(1,249)*
Purchase of shares in subsidiaries	–	–	–	–
Stock dividend	630	(630)	–	–
Costs of stock dividend	–	(35)	–	–
Final dividend for previous financial year in cash	–	–	–	–
2011 interim dividend in cash	–	–	–	–
Contribution from profit appropriation	–	–	–	–
Balance as at 31 December 2011	**93,106**	**470,705**	**(39,765)**	**(2,029)**
Investment result	–	–	–	–
Value movements financial derivatives after deduction of taxes	–	–	(4,982)	–
Translation differences on net investments	–	–	–	(435)
Total result	–	–	*(4,982)*	*(435)*
Disposal of shares in subsidiaries	–	–	–	–
Stock dividend	2,077	(2,077)	–	–
Costs of stock dividend	–	(73)	–	–
Final dividend for previous financial year in cash	–	–	–	–
2012 interim dividend in cash	–	–	–	–
Contribution from profit appropriation	–	–	–	–
Balance as at 31 December 2012	**95,183**	**468,555**	**(44,747)**	**(2,464)**

Other reserves	Investment result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
344,977	99,176	975,570	99,335	1,074,905
–	96,097	96,097	12,814	108,911
–	–	(8,116)	(22)	(8,138)
–	–	(1,249)	–	(1,249)
–	*96,097*	*86,732*	*12,792*	*99,524*
–	–	–	(384)	(384)
–	–	–	–	–
–	–	(35)	–	(35)
-	(41,577)	(41,577)	(6,435)	(48,012)
(20,297)	–	(20,297)	–	(20,297)
57,599	(57,599)	–	–	–
382,279	**96,097**	**1,000,393**	**105,308**	**1,105,701**
–	(41,014)	(41,014)	5,495	(35,519)
–	–	(4,982)	182	(4,800)
–	–	(435)	–	(435)
–	*(41,014)*	*(46,431)*	*5,677*	*(40,754)*
2,012	–	2,012	14,100	16,112
–	–	–	–	–
–	–	(73)	–	(73)
-	(33,417)	(33,417)	(6,380)	(39,797)
(19,227)	–	(19,227)	–	(19,227)
62,680	(62,680)	–	–	–
427,744	**(41,014)**	**903,257**	**118,705**	**1,021,962**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Investment result	(35,519)	108,911
Adjustments for:		
Value movements investment properties	122,241	(32,401)
Net result on disposals of investment properties	(1,206)	(2,446)
Net financing costs	37,214	33,837
Income tax	(15,938)	678
Cash flow from operating activities before changes in working capital and provisions	106,792	108,579
Movement current assets	(1,405)	(2,880)
Movement short-term liabilities	2,386	(401)
Movement provisions	(1,797)	1,535
	105,976	106,833
Interest paid (on balance)	(35,600)	(37,503)
Income tax paid	(207)	(2,568)
Cash flow from operating activities	**70,169**	**66,762**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of and capital expenditure on investment properties	(121,305)	(109,968)
Disposal of investment properties	144,210	16,622
Purchase of shares in subsidiaries	–	(384)
Cash flow from property investments	22,905	(93,730)
Movement in tangible fixed assets	(480)	(38)
Cash flow from investment activities	**22,425**	**(93,768)**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(52,717)	(61,909)
Dividend paid to non-controlling interests	(6,451)	(6,757)
Interest-bearing loans drawn down	100,566	226,767
Interest-bearing loans redeemed	(149,533)	(134,141)
Disposal of shares in subsidiaries	16,112	–
Cash flow from financing activities	**(92,023)**	**23,960**
MOVEMENT IN CASH AND CASH EQUIVALENTS	**571**	**(3,046)**
Cash and cash equivalents as at 1 January	4,339	7,383
Exchange rate differences on cash and cash equivalents	(2)	2
Cash and cash equivalents as at 31 December	**4,908**	**4,339**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Vastned Retail N.V. ('the Company' or 'Vastned Retail'), with its registered office in Rotterdam, the Netherlands, is a (closed-end) property investment company with variable capital that makes long-term investments in top quality well-let retail properties, particularly high street shops, in its five core countries: the Netherlands, France, Belgium, Spain and Turkey.

Vastned Retail is listed on the NYSE Euronext stock exchange of Amsterdam.
On 20 October 2006, Vastned Management B.V. was granted the licence by the AFM as referred to in Section 2:65 subsection 1 under a of the Act on Financial Supervision pursuant to which it can act as manager of the Company.

The consolidated annual accounts of the Company comprise the Company and its subsidiaries (jointly referred to as 'the Group') and the interests the Group has in associates and entities over which it exercises joint control.
The company profit and loss account has been shown in abbreviated form pursuant to Section 402 of Book 2 of the Dutch Civil Code.

2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING

A STATEMENT OF COMPLIANCE

The consolidated annual accounts of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. These standards comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective to financial years starting on or after 1 January 2012.

New or amended Standards and Interpretations that became effective in 2012

The amended Standards and Interpretations that came into effect in 2012 are listed below. The amended Standards and Interpretations have no effect on the presentation, notes or financial results of the Group.

- IFRS 1 First-time adoption of International Financial Reporting Standards (Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' and Additional exemption for entities ceasing to suffer from severe hyperinflation);
- IFRS 7 Financial Instruments: Disclosures (Amendments enhancing disclosures about transfers of financial assets), and;
- IAS 12 Income Taxes (Limited scope amendment - recovery of underlying assets).

New or amended Standards and Interpretations not yet effective and not yet applied by the Group

- IAS 19 Employee Benefits (Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects) (effective to financial years starting on or after 1 January 2013)

  The changes in this standard among other things pertain to the treatment of actuarial gains and losses on the present value of the defined benefit pension obligation and the fair value of the plan assets. Effective 1 January 2013, these actuarial gains and losses (called 'remeasurements' in the revised standard) must be directly recognised in equity and must no longer be recognised in accordance with the 'corridor' approach.

Had the revised standard been applied in 2012, this would have had the following impact on the equity and the result (x € 1,000):

Decrease equity as at 1 January 2012	(1,171)
Decrease equity as at 31 December 2012	(3,591)
Decrease in equity during the financial year because of remeasurement of the pension obligation	(2,420)
Increase investment result because of lower pension costs	14

Another important change to this standard concerns the presentation of changes to the defined benefit pension obligation and the fair value of the plan assets. The changes to the defined benefit pension obligation and the fair value of the plan assets will be split into three components as follows: increase of present value of the pension rights granted (service cost), net-interest and remeasurements. Had the revised standard been applied in 2012, this would have had the following impact on (the presentation of) the result and the total result (x € 1,000):

Net financing costs	99
General expenses	(113)
Other reserves	2,434

The Company regularly publishes a number of financial key figures. The impact of the changes in the standard on these key figures as at 31 December 2012 is as follows:

Solvency ratio:	declines from 51.7% to 51.5%
Loan-to-value-ratio:	no impact
Interest coverage ratio:	negligible impact

The changes to the standard do not affect the pension premiums due to the pension insurer in 2013.

- IFRS 13 Fair Value Measurement (effective to financial years starting on or after 1 January 2013)

  This standard is expected to affect the Company's disclosure requirements depending on the classification of investment properties as Level 1, 2 or 3. The disclosures will be included in the 2013 annual accounts.

The changes to the standards below that will go into effect on 1 January 2013 and later will have no material effect on the presentation, notes or financial results of the Group.

- IAS 1 Presentation of Financial statements (Amendments to revise the way other comprehensive income is presented) (effective to financial years starting on or after 1 July 2012);
- IAS 27 Separate Financial statements (effective to financial years starting on or after 1 January 2013);
- IAS 28 Investments in Associates and Joint Ventures (effective to financial years starting on or after 1 January 2013);
- IAS 32 Financial Instruments: Presentation (Amendments to application guidance on the offsetting of financial assets and financial liabilities) (effective to financial years starting on or after 1 January 2014);
- IFRS 7 Financial Instruments: Disclosures (Amendments enhancing disclosures about offsetting of financial assets and financial liabilities) (effective to financial years starting on or after 1 January 2013);
- IFRS 10 Consolidated Financial statements (effective to financial years starting on or after 1 January 2013);
- IFRS 11 Joint Arrangements (effective to financial years starting on or after 1 January 2013);
- IFRS 12 Disclosure of Interests in Other Entities (effective to financial years starting on or after 1 January 2013), and;
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective to financial years starting on or after 1 January 2013).

New or amended Standards and Interpretations not yet adopted by the European Union

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

- IFRS 1 Government Loans (Amendments to IFRS 1)
- IFRS 9 Financial Instruments and subsequent amendments (amendments to IFRS 9 and IFRS 7) (effective to financial years starting on or after 1 January 2015);
- Improvements to IFRSs 2009–2011.

The Group does not expect these amendments to materially affect equity and the investment result.

B PRINCIPLES APPLIED IN THE COMPILATION OF THE FINANCIAL REPORTING

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

The semi-annual report is presented in compliance with IAS 34 Interim Financial Reporting.

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

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

The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was revised, and in future periods as well if the estimate has an impact on these future periods.

The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties at the balance sheet date that have a material impact on the annual accounts and that present a significant risk of material adjustments to book values in the following financial year are included in '29 Accounting Estimates and Judgements'.

C PRINCIPLES FOR CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Company has control. Control of an entity entails that the Company has the authority, either directly or indirectly, to determine the financial and operational policies of the entity in order to obtain benefits from the operations of this entity. Potential voting rights that can be exercised or converted are taken into account in assessing whether there is control. The financial statements of the subsidiaries are included in the consolidated statements as from the date at which control is obtained until such time when control ceases. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are recognised separately in the balance sheet under equity. Non-controlling interests in the result of the Group are also recognised separately in the profit and loss account.

Transactions eliminated on consolidation

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

Goodwill

All acquisitions of subsidiaries are recognised using the purchase accounting method. The costs of an acquisition are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Costs incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which the cost of an acquired entity at first recognition exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill.

After first recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.

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

D FOREIGN CURRENCIES

The items in the annual accounts of the separate entities of the Group are recognised in the currency of the principal economic environment in which the entity operates (the 'functional currency'). The currency of the main cash flows of the entity is taken into account in 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 annual accounts are presented in euros, the Group's reporting currency. In the preparation of the annual accounts 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.

At the balance sheet date, monetary assets and liabilities in foreign currency are translated at the exchange rate effective on that date. Non-monetary assets and liabilities that are valued at fair value are translated at the exchange rate on the date on which the fair value was determined. Non-monetary assets and liabilities valued at historical cost are not translated.

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

E INVESTMENT PROPERTIES IN OPERATION AND UNDER RENOVATION

Investment properties are properties held in order to realise rental income, value increases or both. Investment properties are classified as investment properties in operation when they are available for letting.

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

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

Both investment properties in operation and under renovation are stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see under 'Q Gross Rental Income'). The fair value is based on market value (less the costs borne by the buyer, including property transfer tax), i.e. the estimated value at which an investment property could be traded at the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.
The independent, certified appraisers are instructed to appraise the investment properties in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.
The appraisers use the discounted cash flow method and/or the capitalisation method for determining the market value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). The capitalisation factor is based on the yields of recent market transactions for comparable property investments at comparable locations. Both methods take recent market transactions and differences between market rent and contractual rent, incentives provided to tenants, vacancy, operating expenses, state of repair and future developments into account.
All investment properties in operation and under renovation are appraised at least once a year by independent, certified appraisers.

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

- All investment properties in operation and under renovation with an expected individual value exceeding € 2.5 million are appraised externally every quarter (from 1 January every half-year). An extensive appraisal report is drawn up by the external appraiser once a year. The schedule for the extensive appraisals ensures an even spread across the year. In the other periods, an update of the most recent extensive report by the external appraiser is considered sufficient.
- External appraisals of investment properties with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the different periods. For the periods in which these property investments are not appraised externally, the fair value of these property investments is determined internally.

- The external appraisers must be properly certified and must have a good reputation and relevant experience pertaining to the location and the type of investment property. Furthermore, they must act independently and exercise objectivity.
- In principle, the external appraiser for an investment property is changed every three years.

Based on this methodology, effectively 80% to 90% of the total value of the property investments is appraised externally each quarter.

The remuneration of the external appraisers is based on a permillage of the value at the beginning of the financial year of the properties to be appraised.

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

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

F INVESTMENT PROPERTIES IN PIPELINE

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

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

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

G TANGIBLE FIXED ASSETS

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

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

H FINANCIAL DERIVATIVES

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

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

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

Hedging

When entering into hedging transactions, the relation between the derivatives and the hedged loan positions is documented and aligned with the objectives in the treasury policy. In addition, both prospective and retrospective analyses are carried out to determine whether the hedging transactions are highly effective in compensating the risk of changes in the fair value of the hedged positions or the hedged risk of attributable cash flows. The recognition of gains and losses depends on the degree of hedging:

- *Derivatives that have not been designated as hedge accounting or do not quality for hedge accounting*
  These derivatives are stated at fair value; the results are recognised in the profit and loss account.
- *Fair value hedging*
  Changes in the fair value of derivatives designated and qualifying as fair value hedges are recognised in the profit and loss account simultaneously with the changes in the fair value of the hedged liabilities associated with the hedged risk. The Group does not currently hold any interest-rate derivatives that qualify as fair value hedges.
- *Cash flow hedging*
  The Group uses interest-rate derivatives to hedge interest-rate risks of floating interest loans. Gains and losses in respect of the effective portion of the derivatives designated and qualifying as cash flow hedges are taken to group equity (after deduction of any deferred tax liabilities) under the item 'Hedging reserve in respect of financial derivatives'. The ineffective part of the financial interest-rate derivatives is recognised in the profit and loss account.

If an interest-rate derivative expires or is sold, terminated or exercised, or if the entity revokes designation of the hedge relationship, but the hedged future transaction is still expected to take place, the cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss in equity is recognised immediately in the profit and loss account.

I DEBTORS AND OTHER RECEIVABLES

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

J CASH AND CASH EQUIVALENTS

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

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

Shares are classified as equity Vastned Retail shareholders. External costs directly attributable to the issue of new shares, such as issuing costs, are deducted from the issue proceeds and consequently recognised in the share premium reserve. In the issue price of shares, account is taken of the estimated investment result for the current financial year attributable to the shareholders of the Company up to the issuing date. The investment result included in the issue price is added to the share premium reserve. The increase in the capital paid-up and called associated with the issue of shares in respect of the stock dividend is charged to the share premium reserve, as are the costs in respect of the stock dividend.

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

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

L DEFERRED TAX ASSETS AND LIABILITIES

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

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value. For the valuation of deferred tax liabilities, the tax rates are taken into account that are expected to apply in the period in which the liability will be settled, based on tax rates (materially) enacted at the balance sheet date. In valuing deferred tax liabilities, account is taken of the tax consequences of the way in which the Group expects to realise or settle the book value of its assets and liabilities on the balance sheet date. Deferred tax liabilities are not discounted.

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

M PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

Defined benefit pension plans

The Group's net liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the pension rights employees have built up in return for their service during the reporting period and prior periods. The pension rights in respect of defined benefit pension plans are calculated at net present value at a discount rate less the fair value of the plan assets from which the liabilities are to be settled. The external actuary employs the projected unit credit method for these calculations.

When the pension rights in respect of a plan are improved, the part of the improved pension rights concerning past years of service of employees is recognised as an expense in the profit and loss account on a straight-line basis over the average period until the pension rights become vested. To the extent that the pension rights vest immediately, the expense is recognised in the profit and loss account immediately. All actuarial gains and losses as per 1 January 2004, the transition date to IFRS, have been recognised. Actuarial gains and losses arising after 1 January 2004 are recognised by the Group according to the so-called 'corridor' approach. According to this 'corridor' approach, any cumulative unrecognised actuarial gains or losses exceeding 10% of the greater of the present value of the gross liability of the defined (pension) benefits or the fair value of the plan assets, are recognised in the profit and loss account for the expected average remaining working lives of the employees who participate in the plan. Otherwise, the actuarial gain or actuarial loss is not recognised.

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

Defined contribution pension plans

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

Long-term employee benefits

Obligations in respect of future jubilee benefits are also recognised in this provision.

N OTHER PROVISIONS

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

O INTEREST-BEARING DEBTS

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

P OTHER LIABILITIES AND ACCRUALS

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

Q GROSS RENTAL INCOME

Gross rental income from operational lease contracts is recognised on a time-proportionate basis over the duration of the lease contracts. Rent-free periods, rent discounts and other lease incentives are recognised as an integral part of total gross rental income. The resulting accruals are recognised under 'Accrued assets in respect of lease incentives'. These accruals are part of the fair value of the respective investment properties in operation and under renovation.
Payments from tenants in relation to the premature termination of a lease are recognised in the period within which they occur.

R NET SERVICE CHARGE EXPENSES

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

S OPERATING EXPENSES

Operating expenses concern costs directly connected to the operation of the property, such as maintenance, management costs, insurance, allocation to the provision for doubtful debtors and local taxes. These costs are attributed to the period to which they relate. Costs incurred when concluding operational lease contracts, such as leasing fees, are recognised in the period in which they are incurred.

T NET FINANCING COSTS

Net financing costs consist of interest expenses on loans and debts attributable to the period, calculated on the basis of the effective interest rate method, less capitalised financing costs on investment properties and interest income on outstanding loans and receivables. Net financing costs also include gains and losses resulting from changes in the fair value of the financial derivatives. These gains and losses are recognised immediately in the profit and loss account, unless a derivative qualifies for hedge accounting (see under 'H Financial Derivatives').

U GENERAL EXPENSES

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

V INCOME TAX

Income tax comprises taxes currently payable and recoverable as attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities (see under 'L Deferred Tax Assets and Liabilities'). Income tax is recognised in the profit and loss account, except to the extent that it concerns items that are taken directly to equity, in which case the tax is recognised under equity.

The taxes payable and recoverable 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 at the balance sheet date, and corrections to taxes payable on previous years. Additional income tax in respect of dividend payments by subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

W CASH FLOW STATEMENT

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

X SEGMENTED INFORMATION

The segmented information is presented on the basis of the countries where the investment properties are located and on the basis of the type of investment property, with a distinction being made between high street shops and other (retail) properties. These reporting segments are consistent with the segments used in the internal reports.

3 SEGMENTED INFORMATION

	Netherlands		France	
	2012	2011	2012	2011
Net rental income	45,366	44,697	25,540	23,862
Value movements investment properties in operation	(28,397)	2,534	(12,830)	26,648
Value movements investment properties in pipeline	2,268	(934)	220	(6,899)
Net result on disposals of investment properties	(1,339)	276	524	198
Total net income from investment properties	**17,898**	**46,573**	**13,454**	**43,809**
Net financing costs				
General expenses				
Income tax				
Non-controlling interests				
Investment result attributable to Vastned Retail shareholders				

	Netherlands		France	
	2012	2011	2012	2011
Investment properties in operation				
Balance as at 1 January	786,760	748,870	464,123	409,249
– Acquisitions	57,397	40,434	38,407	30,079
– Capital expenditure	1,120	1,717	896	138
– Taken into operation	2,350	–	–	–
– Disposals	(102,680)	(6,795)	(19,089)	(1,991)
	744,947	784,226	484,337	437,475
– Value movements	(28,397)	2,534	(12,830)	26,648
Balance as at 31 December	716,550	786,760	471,507	464,123
– Accrued assets in respect of lease incentives	730	650	375	416
Appraisal value as at 31 December	**717,280**	**787,410**	**471,882**	**464,539**
Investment properties in pipeline	2,250	4,720	595	10,680
Investment properties	**719,530**	**792,130**	**472,477**	**475,219**
Other assets	1,657	1,809	2,402	2,060
Not allocated to segments				
Total assets				
Liabilities	14,361	13,613	14,484	13,801
Not allocated to segments				
Total liabilities[1]				

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

	Belgium		Spain		Turkey		Portugal		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	19,881	19,557	22,008	25,346	1,908	1,277	993	897	115,696	115,636
	6,005	19,215	(91,709)	(11,647)	784	2,046	(212)	83	(126,359)	38,879
	–	–	–	–	1,630	1,355	–	–	4,118	(6,478)
	1,779	1,617	265	–	(23)	355	–	–	1,206	2,446
	27,665	**40,389**	**(69,436)**	**13,699**	**4,299**	**5,033**	**781**	**980**	**(5,339)**	**150,483**
									(37,214)	(33,837)
									(8,904)	(7,057)
									15,938	(678)
									(5,495)	(12,814)
									(41,014)	**96,097**

	Belgium		Spain		Turkey		Portugal		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	333,432	303,097	408,703	415,916	29,478	32,421	12,404	12,308	2,034,900	1,921,861
	–	10,361	–	–	14,826	–	–	–	110,630	80,874
	1,438	2,078	1,568	4,434	5	51	–	13	5,027	8,431
	–	–	–	–	34,942	–	–	–	37,292	–
	(10,013)	(1,319)	(2,995)	–	–	(5,040)	–	–	(134,777)	(15,145)
	324,857	314,217	407,276	420,350	79,251	27,432	12,404	12,321	2,053,072	1,996,021
	6,005	19,215	(91,709)	(11,647)	784	2,046	(212)	83	(126,359)	38,879
	330,862	333,432	315,567	408,703	80,035	29,478	12,192	12,404	1,926,713	2,034,900
	247	312	3,017	3,170	364	–		–	4,733	4,548
	331,109	**333,744**	**318,584**	**411,873**	**80,399**	**29,478**	**12,192**	**12,404**	**1,931,446**	**2,039,448**
	–	–	–	–	46,694	74,181	–	–	49,539	89,581
	331,109	**333,744**	**318,584**	**411,873**	**127,093**	**103,659**	**12,192**	**12,404**	**1,980,985**	**2,129,029**
	3,166	705	1,404	1,061	1,700	1,140	469	450	10,798	7,225
									11,744	10,279
									2,003,527	**2,146,533**
	3,221	2,913	15,598	32,672	2,648	2,328	1,384	1,216	51,696	66,543
									929,869	974,289
									981,565	**1,040,832**

SEGMENTATION BY TYPE OF PROPERTY

	High street shops		Other property investments		Total	
	2012	2011	2012	2011	2012	2011
Net rental income	52,042	50,159	63,654	65,477	115,696	115,636
Value movements investment properties in operation	10,786	31,975	(137,145)	6,904	(126,359)	38,879
Value movements property investments in pipeline	1,630	1,355	2,488	(7,833)	4,118	(6,478)
Net result on disposals of investment properties	2,681	416	(1,475)	2,030	1,206	2,446
Total net income from investment properties	**67,139**	**83,905**	**(72,478)**	**66,578**	**(5,339)**	**150,483**
Net financing costs					(37,214)	(33,837)
General expenses					(8,904)	(7,057)
Income tax					15,938	(678)
Non-controlling interests					(5,495)	(12,814)
Investment result attributable to Vastned Retail shareholders					**(41,014)**	**96,097**

	High street shops		Other property investments		Total	
	2012	2011	2012	2011	2012	2011
Investment properties in operation						
Balance as at 1 January	973,043	904,110	1,061,857	1,017,751	2,034,900	1,921,861
– Acquisitions	89,210	40,440	21,420	40,434	110,630	80,874
– Capital expenditure	285	752	4,742	7,679	5,027	8,431
– Taken into operation	37,292	–	–	–	37,292	–
– Disposals	(64,220)	(4,234)	(70,557)	(10,911)	(134,777)	(15,145)
	1,035,610	941,068	1,017,462	1,054,953	2,053,072	1,996,021
– Value movements	10,786	31,975	(137,145)	6,904	(126,359)	38,879
Balance as at 31 December	1,046,396	973,043	880,317	1,061,857	1,926,713	2,034,900
– Accrued assets in respect of lease incentives	1,296	928	3,437	3,620	4,733	4,548
Appraisal value as at 31 December	**1,047,692**	**973,971**	**883,754**	**1,065,477**	**1,931,446**	**2,039,448**
Investment properties in pipeline	46,694	76,531	2,845	13,050	49,539	89,581
Investment properties	**1,094,386**	**1,050,502**	**886,599**	**1,078,527**	**1,980,985**	**2,129,029**
Other assets	1,927	1,620	4,074	3,409	6,001	5,029
Not allocated to segments					16,541	12,475
Total assets	**1,096,313**	**1,052,122**	**890,673**	**1,081,936**	**2,003,527**	**2,146,533**

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Netherlands	52,647	52,603	(60)	(60)	(176)	(284)	(7,045)	(7,562)	45,366	44,697
France	27,927	26,195	(64)	(60)	(296)	(392)	(2,027)	(1,881)	25,540	23,862
Belgium	22,245	21,300	(20)	(19)	(257)	25	(2,087)	(1,749)	19,881	19,557
Spain	27,538	29,816	(459)	(448)	(2,326)	(1,363)	(2,745)	(2,659)	22,008	25,346
Turkey	2,085	1,604	–	–	(1)	(12)	(176)	(315)	1,908	1,277
Portugal	1,042	1,014	–	–	–	–	(49)	(117)	993	897
	133,484	**132,532**	**(603)**	**(587)**	**(3,056)**	**(2,026)**	**(14,129)**	**(14,283)**	**115,696**	**115,636**

GROUND RENTS PAID	2012	2011
Attributable to leased properties	557	551
Attributable to vacant properties	46	36
	603	**587**

NET SERVICE CHARGE EXPENSES	2012	2011
Attributable to leased properties	282	6
Attributable to vacant properties	2,774	2,020
	3,056	**2,026**

OPERATING EXPENSES	2012	2011
Attributable to leased properties	13,470	13,671
Attributable to vacant properties	659	612
	14,129	**14,283**

OPERATING EXPENSES	2012	2011
Maintenance	3,273	3,653
Administrative and commercial management[1)]	5,339	5,301
Insurance	508	430
Local taxes	2,376	2,275
Letting costs	510	759
Allocation to the provision for doubtful debtors (on balance)	1,184	1,001
Other operating expenses	939	864
	14,129	**14,283**

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

5 VALUE MOVEMENTS IN INVESTMENT PROPERTIES

	2012			2011		
	Positive	Negative	Total	Positive	Negative	Total
Investment properties in operation	40,809	(167,168)	(126,359)	83,140	(44,261)	38,879
Investment properties in pipeline	4,239	(121)	4,118	1,355	(7,833)	(6,478)
	45,048	**(167,289)**	**(122,241)**	**84,495**	**(52,094)**	**32,401**

6 NET RESULT ON DISPOSALS OF INVESTMENT PROPERTIES

	2012	2011
Sales price	146,772	16,269
Book value at time of disposal	(144,777)	(14,865)
	1,995	1,404
Sales costs	(1,257)	(203)
	738	1,201
Other	468	1,245
	1,206	**2,446**

An amount of € 0.5 million is included under 'other' related to an additional payment received from the buyer for the Shopping Park Olen property, Belgium, sold in 2009.

7 NET FINANCING COSTS

INTEREST INCOME	2012	2011
Bank accounts and short-term deposits	(14)	(4)
Other interest income	(51)	(23)
Capitalised financing costs	(1,829)	(1,971)
	(1,894)	**(1,998)**

INTEREST EXPENSE	2012	2011
Long-term interest-bearing loans	35,629	32,979
Short-term credits and cash loans	1,843	3,924
Other interest payable	234	387
	37,706	**37,290**
Total interest expense	35,812	35,292
Value movements in financial derivatives	1,397	(1,279)
Exchange rate differences	5	(176)
	37,214	**33,837**

8 GENERAL EXPENSES

	2012	2011
Personnel costs	9,495	7,671
Remuneration of Supervisory Board	130	107
Consultancy and audit costs	1,075	1,176
Appraisal costs	949	902
Accommodation and office costs	1,655	1,484
Other expenses	297	563
	13,601	**11,903**
Attributed to operating expenses	(4,697)	(4,846)
	8,904	**7,057**

Personnel costs

During 2012 an average of 76 (2011: 105, employed by Vastned Retail and VastNed Offices/Industrial combined) employees (full-time equivalents) were employed by Vastned Retail, of whom 30 in the Netherlands and 46 abroad.
In the year under review, Vastned Retail accounted for € 6.4 million in wages and salaries (2011: € 5.4 million after allocation to VastNed Offices/Industrial), € 1.1 million in social security charges (2011: € 0.9 million after allocation to VastNed Offices/Industrial) and € 0.5 million in pension premiums (2011: € 0.3 million after allocation to VastNed Offices/Industrial).

Audit costs

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

	2012	2011
Audit fees	287	284
Audit-related fees	4	–
Other non-audit-related fees	12	2
	303	**286**

The audit costs include a sum of € 0.1 million (2011: € 0.1 million) for Deloitte Accountants B.V.

Other expenses

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

9 INCOME TAX

CURRENT INCOME TAX EXPENSE	2012	2011
Current financial year	2,344	(25)
Adjustment related to change in fiscal status	(804)	–
Expiry of offsettable losses	175	173
Adjustment to previous financial years	19	(61)
	1,734	**87**

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES	2012	2011
In respect of:		
Value movements in investment properties	(18,031)	890
Adjustment related to change in fiscal status	230	(283)
Tax effect of offsettable losses	129	(16)
	(17,672)	**591**
	(15,938)	**678**

RECONCILIATION OF EFFECTIVE TAX RATE

	2012		2011	
Investment result before taxes		(51,457)		109,589
Income tax at Dutch tax rate	0.0%	–	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	30.5%	(15.687)	0.8%	865
Tax effect of offsettable losses	(0.6%)	304	0.1%	157
Adjustment related to change in fiscal status	1.1%	(574)	(0.2%)	(283)
Adjustment to previous financial years	0.0%	19	(0.1%)	(61)
	31.0%	**(15.938)**	**0.6%**	**678**

Vastned Retail qualifies as a fiscal investment institution as meant in Section 28 of the Dutch Corporate Income Tax Act 1969. As long as the Company continues to comply with the conditions of Section 28 of the Dutch Corporate Income Tax Act 1969, the Company's fiscal result is taxed at a rate of 0%.These conditions mainly concern the investment character of the Company's activities, the fiscal financing ratios, the composition of the shareholders' base and the cash dividend distribution of the fiscal result within 8 months of the close of the financial year.

In Belgium almost the entire property portfolio is held by the REIT ('Vastgoedbevak') Intervest Retail. A vastgoed Bevak (investment company with fixed capital) essentially has a tax-exempt status, so that no tax is payable on its profits in Belgium. The requirements for applying the status of a property Bevak are in principle comparable to those for a Dutch fiscal investment institution.

Except for two companies, Vastned Retail's property portfolio in France is subject to the SIIC regime[1]. Under this fiscal regime, Vastned Retail is not liable for taxation on its French net rental income nor on the capital gains realised in France. The requirements of the SIIC regime are in principle comparable to those for a Dutch fiscal investment institution.

In France, two properties, valued at € 24.6 million, are held by companies subject to the usual tax rules. The nominal tax rate is 34.43%. Depreciation, interest and other expenses are deducted from the taxable net income.

In Spain Vastned Retail opted for the SOCIMI regime[2] in 2012. Under this fiscal regime, the standard tax rate is 19% (instead of the 30% regular Spanish tax rate). Capital gains are settled on the basis of an allocation to the regularly taxable period and the SOCIMI taxable period. If capital gains are realised and reinvested in Spain within three years then income tax paid is refunded at 12% of the capital gains attributable to the regularly taxable period and at 6% of the capital gains attributable to the SOCIMI period. The requirements for applying the SOCIMI regime are in principle comparable to those for a Dutch fiscal investment institution.

The properties in Turkey and Portugal are held by companies subject to the usual tax rules. In Turkey the nominal tax rate is 20.0% and in Portugal 26.5%. Depreciation, interest and other expenses are deducted from the taxable net rental income realised in these companies.

The calculations of deferred tax assets and liabilities are based on the nominal tax rates as effective on 1 January 2013.

1 Société d'Investissements Immobiliers Cotée
2 Sociedades Anónimas Cotizades de Inversión en el Mercado Inmobiliario

10 INVESTMENT RESULT PER SHARE

	2012		2011	
	Basic	Diluted	Basic	Diluted
Investment result	**(41,014)**	**(41,014)**	**96,097**	**96,097**

AVERAGE NUMBER OF SHARES IN ISSUE	2012		2011	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	18,621,185	18,621,185	18,495,220	18,495,220
Effect of stock dividend	255,406	255,406	79,375	79,375
Average number of ordinary shares in issue	**18,876,591**	**18,876,591**	**18,574,595**	**18,574,595**

PER SHARE (x € 1)	2012		2011	
	Basic	Diluted	Basic	Diluted
Investment result	**(2.17)**	**(2.17)**	**5.17**	**5.17**

No shares were issued or purchased during the period between the balance sheet date and the date on which the annual accounts were drawn up and approved for publication.

11 DIVIDEND

The final dividend over the 2011 financial year was made payable on 21 May 2012 to be received in cash or shares at the option of the shareholder. 29% of the holders of the shares in issue opted for payment in shares, resulting in the issue of 415,461 new shares. The payment in cash constituted an amount of € 33.4 million.

On 27 August 2012, the interim dividend for the 2012 financial year was made payable. The interim dividend amounted to € 1.01 per share in cash (total payout: € 19.2 million).

A proposal will be submitted to the General Meeting of Shareholders of 19 April 2013 calling for the dividend policy to be amended such that at least 75% of the direct investment result[1)] will be put at the disposal of shareholders. Whether, and if so to what extent, this dividend will also be paid in the form of a stock dividend will depend on the possible dilution of the investment result and the net asset value per share, the capital strength and needs and on the financing market. The fiscal result as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions

The Board of Management, on the basis of the amended dividend policy, proposes to distribute a final dividend over the 2012 financial year of € 1.54 per share in cash.

In order to comply with the conditions for a fiscal investment institution, a minimum of € 42.9 million in cash (approximately € 2.25 per share) must be disbursed. The payment of the interim dividend and the proposed final dividend meets the fiscal distribution obligation.

If the General Meeting of Shareholders of 19 April 2013 approves the dividend proposal, the final dividend will be made payable to shareholders on 22 May 2013. The dividend to be distributed has not been entered in the balance sheet as a liability.

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

12 INVESTMENT PROPERTIES

INVESTMENT PROPERTIES IN OPERATION	2012	2011
Balance as at 1 January	2,034,900	1,921,861
Acquisitions	110,630	80,874
Capital expenditure	5,027	8,431
Taken into operation	37,292	–
Disposals	(134,777)	(15,145)
	2,053,072	1,996,021
Value movements	(126,359)	38,879
Balance as at 31 December	1,926,713	2,034,900
Accrued assets in respect of lease incentives	4,733	4,548
Appraisal value as at 31 December	**1,931,446**	**2,039,448**

The acquisitions in 2012 in the Netherlands concern the acquisition of high street shops at Leidsestraat 46 and Keizersgracht 504 in Amsterdam for € 5.4 million, at Wagenstraat 3-5/Weversplaats 1 in The Hague for € 23.8 million, at Markt 27 in 's-Hertogenbosch for € 2.7 million and at Diezerstraat 74 and 74a in Zwolle for € 4.1 million. In addition, part of the Buitenmere shopping centre in Almere was acquired for € 21.4 million. In France, a high street shop was acquired at Rue d'Alsace 7 in Angers for € 0.3 million, 4 high street shops were acquired in Bordeaux for € 12.5 million and a high street shop was acquired at Rue de Rivoli 102 in Paris for € 25.6 million. Finally, in Istanbul, Turkey, a high street shop was acquired at Istasyon Caddesi 27 for € 14.8 million.

The capital expenditure in 2012 are primarily related to the conversion of a cinema into a modern retail facility in the Madrid Sur shopping centre in Madrid, Spain for new tenants, the completion of the renovation of the retail warehouse on Mechelsesteenweg in Vilvoorde, Belgium and the construction of a new parking area near the Roermond Retail Park in the Netherlands.

In the Netherlands, the disposals in 2012 consisted of the Roermond Retail Park for € 43.3 million and forty six smaller properties for a total of € 58.0 million. In France, the disposals consisted of the Boulevard Saint-Germain 104 property in Paris for € 14.3 million and eight smaller properties for € 6.1 million. Five retail warehouses were sold in Belgium for a total of € 10.9 million, as well as two small units for € 0.4 million. In Spain, the property at Ronda de la Universitat 35 in Barcelona was sold for € 3.3 million.
A positive sales result of € 1.5 million in relation to the book value was realised on these disposals.

Accrued assets in respect of lease incentives	2012	2011
Balance as at 1 January	4,548	1,586
Lease incentives	3,986	6,262
Charged to the profit and loss account	(3,675)	(3,300)
Other	(126)	–
Balance as at 31 December	**4,733**	**4,548**

As at 31 December 2012, 89% of the investment properties in operation were appraised by independent certified appraisers. The appraisal values determined by these external appraisers match the book values recorded in the annual accounts. The remaining investment properties in operation (with an individual value of less than € 2.5 million) were appraised earlier in the year under review by independent certified appraisers. The fair value of these investment properties on 31 December 2012 was determined internally, for which the external appraisal reports prepared earlier in the year constituted a key starting point.

The independent certified appraisers who appraised the investment properties are as follows: CBRE in Brussels, Crédit Foncier in Paris, Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris, De Crombrugghe & Partners in Brussels, DTZ Pamir & Soyuer in Istanbul, DTZ Zadelhoff in Amsterdam, Jones Lang Lasalle in Lisbon and Madrid, and Retail Consulting Group in Paris.

Key principles and assumptions used in determining the appraisal values:

	Netherlands		France	
	High street shops	Other property investments	High street shops	Other property investments
2012				
Lease incentives still to be granted as at the balance sheet date	295	62	88	–
Market rent per m^2 (x € 1)	267	170	383	224
Theoretical annual rental income per m^2 (x € 1)	259	176	373	218
Vacancy rate at end of reporting year	3.8	2.4	3.4	8.9
Weighted average term lease contracts in years (first break)	4.3	2.7	2.2	2.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields:	5.8	6.8	5.5	6.8
2011				
Lease incentives still to be granted as at the balance sheet date	272	139	815	129
Market rent per m^2 (x € 1)	251	161	367	201
Theoretical annual rental income per m^2 (x € 1)	236	159	340	199
Vacancy rate at end of reporting year	2.9	4.5	3.9	7.6
Weighted average term lease contracts in years (first break)	3.7	4.4	1.4	1.5
The appraisal values established on the basis of these principles and assumptions produce the following net yields:	5.7	6.5	5.6	6.2

The market rent is the estimated amount against which a specific space can be leased at a specific point in time by well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.

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

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

The net yield is calculated by dividing the net rental income at the balance sheet date by the market value of the properties.

An increase in the net initial yields used in the appraised values of 50 basis points will result in a decrease in the value of the property investments in operation of € 135.3 million or 7.0% (2011: € 148.1 or 7.3%) and an increase in the loan-to-value ratio of approximately 322 basis points (2011: approximately 320 basis points).

Property investments to a value of € 244.0 million (2011: € 446.1 million) serve as security for loans contracted (also see '19 Long-term interest-bearing loans').

For further details on the investment properties in operation, please refer to the '2012 Property Portfolio' overview included elsewhere in this annual report.

Belgium		Spain		Turkey	Portugal	Total	
High street shops	Other property investments	High street shops	Other property investments	High street shops	High street shops	High street shops	Other property investments
194	129	–	300	190	–	767	491
338	96	1,044	193	659	258	331	164
337	96	1,050	212	636	315	324	171
2.2	3.3	–	11.8	–	–	2.9	7.0
2.1	3.5	5.0	2.6	2.7	7.9	3.3	2.7
5.5	7.0	5.1	9.9	5.7	8.4	5.7	7.8
87	106	12	1,421	–	–	1,186	1,795
333	93	918	209	658	258	305	162
329	92	783	231	570	295	287	167
4.8	2.1	–	9.0	–	–	3.2	6.3
2.0	3.3	3.3	2.7	2.1	8.9	2.8	3.2
5.7	6.9	4.4	8.2	5.1	7.2	5.6	7.1

INVESTMENT PROPERTIES IN PIPELINE

	2012	2011
Balance as at 1 January	89,581	72,091
Acquisitions and development expenditure	5,376	23,323
Taken into operation	(37,292)	–
Disposals	(10,000)	–
	47,665	95,414
Value movements	1,874	(5,833)
Balance as at 31 December	**49,539**	**89,581**

In November 2012, the property at Istiklal Caddesi 161 in Istanbul was handed over to its tenant Zara and put into operation. In December 2012, the purchase sum owing for the two units at Promesse 3-5 and 111 in Lelystad was remitted and these units were also put into operation. The Centre Commercial Plaisir-Sablons in Plaisir, which was to be redeveloped, was sold in 2012.

As at 31 December 2012, two investment properties in pipeline with a total value of € 46.7 million were appraised externally by independent certified appraisers. The external appraisals were conducted by DTZ Pamir & Soyuer. The value as at 31 December 2012 of two investment properties in pipeline with a total value of € 2.8 million was determined internally.

Net initial yields varying from 6.2% to 9.3% were used to determine the market value of the investment properties in pipeline.

For further details on the investment properties in pipeline, please refer to the '2012 Property Portfolio' overview included elsewhere in this annual report.

Please refer to '24 Rights and obligations not recorded in the balance sheet' for further details on the committed investment properties in pipeline.

13 DEFERRED TAX ASSETS AND LIABILITIES

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Investment properties	–	24,168	–	31,408
Financial derivatives	–	(3,303)	–	(4,636)
Offsettable losses	345	(8,202)	478	(3,325)
Other	–	374	–	334
	345	**13,037**	**478**	**23,781**

Deferred tax assets and liabilities are offset if there is a right enforceable by law to set off the tax assets and liabilities against each other and if these deferred tax assets and liabilities are incurred under the same tax regime.

The movements in the deferred tax assets and liabilities were as follows:

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Balance as at 1 January	478	23,781	478	25,329
Acquisition of participations	–	4,511	–	1,900
Net credit/charge to the profit and loss account	–	(16,924)	–	(460)
Net credit/charge to equity	–	1,360	–	(943)
Offsettable losses used	–	–	–	147
Tax effect of expiry of offsettable losses	(133)	175	–	194
Transferred to income tax in connection with merger (long-term and short-term tax liabilities)	–	–	–	(2,245)
Other movements	–	47	–	–
Exchange rate differences	–	87	–	(141)
Balance as at 31 December	**345**	**13,037**	**478**	**23,781**

The deferred tax assets and liabilities as at 31 December 2012 are related to the Netherlands, France, Belgium, Spain, Turkey and Portugal.

The deferred tax assets are related to offsettable losses. No restrictions apply to the offsettable losses in France and Belgium. In the Netherlands, the first offsettable losses expire in 2014 and the last offsettable losses expire in 2021. In Spain, the first offsettable losses expire in 2027 and the last offsettable losses expire in 2030. In Turkey, the first offsettable losses expire in 2013 and the last offsettable losses expire in 2018.

The deferred tax liabilities are largely related to the difference between the market value and the fiscal book value of the investment properties.

As at the balance sheet date, additional unused tax losses totalled € 8.3 million. In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset was recognised.

14 DEBTORS AND OTHER RECEIVABLES

	2012	2011
Debtors	7,774	6,754
Provision for doubtful debtors	(5,452)	(5,006)
	2,322	1,748
Taxes	2,133	1,277
Receivable from disposals	2,005	185
Interest	17	47
Service charges	367	1,288
Prepayments	1,657	1,716
Other receivables	4,458	3,299
	12,959	**9,560**

The other receivables include items with a term in excess of one year with a total value of € 0.3 million (2011: € 0.3 million).

15 CASH AND CASH EQUIVALENTS

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

16 CREDIT RISK

Vastned Retail's principal financial assets consist of cash and cash equivalents, debtors and other receivables.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks.

The credit risk is primarily attributable to debtors. This credit risk is limited by prior careful screening of potential tenants. Also, security is required from tenants in the form of guarantee deposits or bank guarantees.

The aging analysis of the debtors as at 31 December was as follows:

	2012		2011	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	560	2	565	62
Overdue by between 31 and 90 days	626	268	544	140
Overdue by between 91 days and one year	2,209	1,248	1,598	1,361
Overdue by more than one year	4,379	3,934	4,047	3,443
	7,774	**5,452**	**6,754**	**5,006**

Movements in the provision for doubtful debtors were as follows:

	2012	2011
Balance as at 1 January	5,006	4,198
Allocation to the provision	1,596	1,390
Write-off for bad debts	(738)	(191)
Release	(412)	(389)
Exchange rate differences	–	(2)
Balance as at 31 December	**5,452**	**5,006**

Receivables are recognised after deduction of a provision for bad debts.

There is no credit risk concentration since the tenant base consists of a large number of different parties.

17 SHAREHOLDERS' EQUITY

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

The Equity Vastned Retail shareholders was € 47.45 per share as at 31 December 2012 (31 December 2011: € 53.72 per share).

NUMBER OF SHARES IN ISSUE

	2012	2011	
	Ordinary shares	Ordinary shares	Priority shares
Balance as at 1 January	18,621,185	18,495,220	10
Purchase of priority shares	–	–	(10)
Stock dividend	415,461	125,965	–
Balance as at 31 December	**19,036,646**	**18,621,185**	**–**

The holders of shares are entitled to receive the dividend declared by the Company and are entitled to cast one vote per share at the shareholders' meetings. In the event of a share buyback by Vastned Retail where the shares are not cancelled, these rights are suspended until such time as the shares are reissued.

Pursuant to an amendment of the articles of association in January 2012, the priority shares bought back in 2011 were converted into ordinary shares and subsequently withdrawn.

18 PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

Vastned Retail has a pension plan in place for its employees in the Netherlands that qualifies as a defined benefit pension plan. The pension plan is fully re-insured by the Nationale-Nederlanden Levensverzekering Maatschappij N.V. The pension plan is a conditionally indexed career-average system. An unconditional indexation of a maximum of 2% per year applies to a small group of employees. The pension plans for the employees in other countries where Vastned Retail has branches can be qualified as defined contribution pension plans.

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

	31-12-2012	31-12-2011
Discount rate	3.85%	5.95%
Expected return on plan assets	3.85%	5.95%
Expected rate of salary increases (dependent on age and including inflation correction)	2.00%–6.00%	2.00%–6.00%
Future pension increases	0.325%–2.00%	0.325%–2.00%

	2012	2011	2010	2009	2008
Present value of defined benefit pension obligations	16,057	9,886	13,028	10,178	9,977
Fair value of plan assets	(11,826)	(7,982)	(11,073)	(8,753)	(8,083)
	4,231	1,904	1,955	1,425	1,894
Unrecognised actuarial gains and losses	(3,591)	(1,171)	(1,080)	(329)	(779)
Obligations in respect of pension plans	640	733	875	1,096	1,115
Long-term employee benefits	121	108	148	140	121
	761	**841**	**1,023**	**1,236**	**1,236**

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

	2012	2011
Balance as at 1 January	9,886	13,028
Service costs	347	609
Interest	577	674
Contributions	53	72
Actuarial loss/(gain)	5,612	(1,520)
Benefits paid	(358)	(368)
Expenses paid	(60)	(68)
Curtailments	–	(140)
Settlements	–	(2,401)
Balance as at 31 December	**16,057**	**9,886**

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

	2012	2011
Balance as at 1 January	7,982	11,073
Expected return	478	587
Actuarial loss/(gain)	3,178	(1,611)
Employer contributions	553	663
Employee contributions	53	72
Benefits paid	(358)	(368)
Expenses paid	(60)	(68)
Settlements	–	(2,366)
Balance as at 31 December	**11,826**	**7,982**

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

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

	2012	2011
Employer service costs	347	609
Interest	577	674
Expected return on plan assets	(478)	(587)
Settlements and curtailments	–	(175)
Actuarial losses recognised in the year	14	–
	460	521
Defined contribution pension plans	67	61
	527	**582**

Vastned Retail expects to contribute a total of € 0.5 million to its defined benefit pension plans in 2013. Vastned Retail expects to contribute a total of € 0.1 million to its defined contribution pension plans in 2013.

19 LONG-TERM INTEREST-BEARING LOANS

	2012				2011			
	Remaining term				Remaining term			
	1–5 years	More than 5 years	Total	Average interest rate at year-end	1–5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
fixed interest[1]	118,988	16,099	135,087	4.03	69,612	113,005	182,617	4.23
floating interest	–	–	–	–	–	–	–	–
	118,988	16,099	135,087	4.03	**69,612**	**113,005**	**182,617**	4.23
Unsecured loans:								
fixed interest[1]	339,852	87,500	427,352	4.76	396,423	37,500	433,923	4.84
floating interest	114,179	–	114,179	1.95	100,991	37,500	138,491	3.07
	454,031	87,500	541,531	4.16	**497,414**	**75,000**	**572,414**	4.41
Total:								
fixed interest[1]	458,840	103,599	562,439	4.58	466,035	150,505	616,540	4.66
floating interest	114,179	–	114,179	1.95	100,991	37,500	138,491	3.07
	573,019	**103,599**	**676,618**	4.14	**567,026**	**188,005**	**755,031**	4.37

The partial right of mortgage on property investments with a value of € 244.0 million (2011: € 446.1 million) has been granted as security for the secured loans.
A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned Retail met these conditions on 31 December 2012. Please refer to '23 Financial instruments' for more details on the conditions set by the lenders.

The part of the long-term interest-bearing loans due within one year of € 115.5 million, of which € 1.9 million pertains to secured loans (2011: € 22.2 million, of which € 1.9 million pertains to secured loans), is recognised under short-term liabilities.

As at 31 December 2012, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 812.6 million (2011: € 788.2 million).
The unused credit facility of the long-term interest-bearing loans as at 31 December 2012 was € 20.5 million (2011: € 11.0 million).

The average term of the long-term interest-bearing loans was 3.5 years (2011: 3.6 years).

The market value of the long-term interest-bearing loans is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at year-end 2012.

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

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

	2012		2011	
	Market value	Carrying amount	Market value	Carrying amount
	791,587	**792,140**	**766,105**	**777,243**

The average interest rate in 2012 was 4.33% (2011: 4.56%).

20 LONG-TERM TAX LIABILITIES

	2012	2011
Balance as at 1 January	1,042	2,677
Short-term portion as at 1 January	3,325	2,757
	4,367	5,434
Allocation	–	2,245
Payments	(3,245)	(3,312)
	1,122	4,367
Short-term portion as at 31 December	(561)	(3,325)
Balance as at 31 December	**561**	**1,042**

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

21 PAYABLE TO BANKS

	2012	2011
Credit facility	211,306	216,307
Of which undrawn	(134,283)	(76,813)
Drawn down as at 31 December	**77,023**	**139,494**

The item 'Payable to banks' concerns short-term credits and cash loans.
By way of security for the credit facilities, it has been agreed with the lenders that investment property will only be mortgaged on behalf of third parties subject to the lenders' approval.

The amounts payable to banks are payable at the lenders' request within one year.

The average interest rate in 2012 was 1.93% (2011: 2.47%).

The market value of the amounts payable to banks is deemed to be equal to the balance sheet value.

Where the Company operates a notional cash pooling arrangement, the cash and amounts payable to banks are set off against each other.

22 OTHER LIABILITIES AND ACCRUALS

	2012	2011
Accounts payable	3,745	3,130
Investment creditors	2,199	5,362
Dividend	32	103
Taxes	2,110	1,552
Prepaid rent	10,624	8,881
Interest	7,479	5,787
Operating expenses	3,441	3,447
Payable in respect of acquisitions	2,072	–
Other liabilities and accruals	3,935	9,349
	35,637	**37,611**

23 FINANCIAL INSTRUMENTS

A MANAGEMENT OF FINANCIAL RISKS

For the realisation of its objectives and the exercise of its day-to-day activities, Vastned Retail has defined a number of financial conditions aimed at mitigating the financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the audit committee.
A summary is given below of the main conditions aimed at mitigating these risks.

Financing and refinancing risks

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital. If loan capital accounts for a large proportion of the financing, there is a risk when returns are less than expected or the property decreases in value that the interest and repayment obligations on the loans and other payment obligations can no longer be met. This would make loan capital or refinancing more difficult to arrange, with a possibility that more unfavourable conditions have to be agreed to. To limit this risk, Vastned Retail's guiding principle is to limit loan capital financing to approximately 40%–45% of the market value of the investment properties. In line with these objectives, solvency ratios and interest coverage ratios have been agreed in most of the credit agreements with lenders.

In addition, Vastned Retail aims to secure access to the capital market through transparent information provision, regular contacts with financiers and current and potential shareholders, and by increasing the liquidity of Vastned Retail shares. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average term of at least 3.0 years.

The solvency ratio is calculated by taking equity plus the provision for deferred tax liabilities and dividing by the balance sheet total. At year-end 2012 the solvency ratio was 51.7%, which is in compliance with the solvency ratios agreed with lenders.

The interest coverage ratio is calculated by taking net rental income less general expenses and dividing by net financing costs (excluding value movements financial derivatives). The interest coverage ratio for 2012 was 3.0, which was well above the ratios agreed with lenders.

At year-end 2012, the weighted average term of the long-term interest-bearing loans was 3.5 years.

Liquidity risk

Vastned Retail must generate sufficient cash flows in order to be able to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at high occupancy rates and by preventing financial loss due to tenants becoming bankrupt. On the other hand, the aim is to arrange sufficient credit facilities to be able to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands, where most of the foreign subsidiaries' bank accounts have been placed in cash pool schemes.

At year-end 2012, Vastned Retail had € 211.3 million in short-term credit facilities available, of which it had drawn down € 77.0 million. The unused credit facility of the long-term interest-bearing loans as at 31 December 2012 was € 20.5 million. The total unused credit facility as at 31 December 2012 therefore was € 154.8 million.

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

	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans[2]	676,618	796,467	32,474	649,251	114,742
Long-term tax liabilities	561	561	–	561	–
Guarantee deposits and other long-term liabilities	9,019	9,019	–	9,019	–
Payable to banks[3]	77,023	77,062	77,062	–	–
Redemption of long-term interest bearing loans[3]	115,522	116,331	116,331	–	–
Income tax	792	792	792	–	–
Other liabilities and accruals	35,637	35,637	35,637	–	–
	915,172	**1,035,869**	**262,296**	**658,831**	**114,742**

Interestrate-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. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle depending on developments in interest rates. 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 refinancing risks is submitted to the audit committee and the Supervisory Board.

Vastned Retail mitigates its interest rate risk 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 interest-rate swaps are designated as cash flow hedges, whereby it has been established that all hedges, except for the interest rate swaps detailed below, are materially effective. Accordingly, cash flow hedge accounting has been applied for these swaps, which means that value movements in these swaps are recognised directly in equity.

Regarding the materially effective cash flow hedges, the interest rate risk on loans with a nominal value of € 484.8 million at year-end 2012 was hedged by entering into interest-rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 2.62% to 4.70% (excluding margins) and expiry dates ranging from 2013 through to the beginning of 2018. In addition to this, forward interest-rate swaps were concluded for loans with a nominal value of € 60.0 million with a fixed interest rate of 3.02% (excluding margins) and expiry dates through to 2018.

1 The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the market rates of Euribor and Libor in effect on 1 January 2013.
2 Including interest-rate swaps.
3 Including interest up to the next expiry date or interest review date.

The cash flow hedges that are not effective are interest-rate swaps where the interest on an amount totalling € 35.0 million has been fixed, with fixed interest rates varying from 3.93% to 4.43% and expiry dates varying from April 2013 to October 2013 and forward interest-rate swaps where the interest on an amount totalling € 45.0 million has been fixed with fixed interest rates varying from 2.50% to 2.60% and expiry dates varying from April 2018 to December 2018. These hedges were for the most part ineffective during certain periods in 2012 and consequently the value movements in these (forward) interest-rate swaps are (partially) directly recognised in the profit and loss account.

Vastned Retail placed a fixed rate bond loan in the amount of € 75.0 million with an institutional investor. In order to continue to comply with the financing policy laid down in the treasury regulations, interest-rate swaps were concluded for loans with a nominal value of € 37.5 million, swapping the fixed interest rate for a variable interest rate. Because hedge accounting is not applied to these swaps, which expire in October 2015, the value movements in these interest-rate swaps are recognised directly in the profit and loss account.

The market value of the interest-rate swaps for which the cash flow hedges are not effective, or to which no hedge accounting is applied, at year-end 2012 amounted to negative € 2.5 million. This on balance negative market value, which on the expiry date will amount to nil, will be charged to the consolidated profit and loss account for the remaining term of these interest-rate swaps.

With due consideration to the abovementioned interest-rate swaps, at year-end 2012, of the total long-term interest-bearing loans in the amount of € 676.6 million, € 562.4 million was at a fixed interest rate (see '23 B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans').

Most of the (forward) interest-rate swaps are settled on a quarterly basis. The floating interest rate is based on the 3-month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 3.9 years (2011: 4.3 years).

All transactions involving financial derivatives are entered into with reputable banks as counterparties. For this reason, it is thought unlikely that the counterparties will be unable to fulfil their obligations.

Interest-rate sensitivity

As at 31 December 2012 the impact on the investment result of a hypothetical 100 basis points increase in interest rates - all other factors remaining equal - would be a fall of € 1.8 million. Should interest rates decrease by 100 basis points as at this date, the impact on the investment result would be an increase of € 1.8 million.
The calculations take account of the financial derivatives entered into.

Currency risk

In principle, currency risks are limited as a result of the strategic decision to invest primarily in the Eurozone. Vastned Retail has investment properties in Turkey. Turkey is not in the Eurozone, so that there is a currency risk here. The risk is mitigated on the one hand by limiting the size of the Turkish property portfolio to a maximum of 10% of the total property portfolio and on the other hand by stipulating a rent in euros in the lease contracts wherever possible and by financing the investment wholly or partly in the same currency as the investment itself, which significantly lowers the exposure.

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

	2012			2011		
	Contract renewal	Interest renewal	Average interest rate[1]	Contract renewal	Interest renewal	Average interest rate[1]
2012	–	–	–	–	8,579	5.70
2013	–	30,268	4.80	153,000	46,677	4.25
2014	204,414	135,000	4.77	203,756	135,000	4.90
2015	146,000	87,500	4.34	132,500	117,500	4.75
2016	75,252	71,481	4.77	69,344	71,590	4.76
2017	138,265	47,500	4.53	128,314	96,000	4.76
2018 and beyond	112,687	190,690	4.47	68,117	141,194	4.32
Total long-term interest-bearing loans with a fixed interest rate	676,618	562,439	4.58	755,031	616,540	4.66
Long-term interest-bearing loans with a floating interest rate	–	114,179	1.95	–	138,491	3.07
Total long-term interest-bearing loans	**676,618**	**676,618**	4.14	**755,031**	**755,031**	4.37

C SUMMARY OF MARKET VALUE OF INTEREST RATE DERIVATIVES

	2012		2011	
	Asset	Liability	Asset	Liability
Interest-rate swaps	2,222	41,666	1,529	42,566
Forward interest-rate swaps	–	10,929	–	4,470
	2,222	**52,595**	**1,529**	**47,036**

Market value of interest-rate derivatives, compared with the nominal value of the loans for which the interest rate risk has been hedged.

	2012		2011	
	Market value of interest-rate derivatives	Nominal value of loans	Market value of interest-rate derivatives	Nominal value of loans
Interest-rate swaps < 1 year	(3,202)	101,645	(2,347)	88,580
Interest-rate swaps 1-2 years	(9,159)	135,000	(5,418)	103,028
Interest-rate swaps 2-5 years	(26,277)	237,000	(24,407)	276,000
Interest-rate swaps > 5 years	(806)	8,694	(8,865)	85,198
	(39,444)	**482,339**	**(41,037)**	**552,806**
Forward interest-rate swaps > 5 years	(10,929)	105,000	(4,470)	125,000
	(50,373)	**587,339**	**(45,507)**	**677,806**

For the purposes of the valuation method the interest-rate derivatives are classed under 'level 2', which means the valuation is based on calculations by financial institutions.

1 Including interest-rate swaps and credit spreads in effect at year-end 2012.

24 RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

At year-end 2012, Vastned Retail had signed contracts for the renovation of the property investments in pipeline located at Istiklal Caddesi 85 and Abdi Apekçi Caddesi 41 in Istanbul, Turkey. The remaining commitment at year-end was € 2.4 million.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET AS AT 31 DECEMBER 2011 AND SETTLED IN 2012

Vastned Retail Nederland had an outstanding debt to the seller for the purchase price of two unlet retail units on De Promesse in Lelystad, the Netherlands. Because the seller did not succeed in letting these retail units, a lower purchase price was paid in December 2012.

In 2007, Vastned Retail Nederland concluded a turnkey agreement for the acquisition of the 'Hoog Ambacht' shopping centre in Hendrik-Ido-Ambacht, the Netherlands. Vastned Retail Nederland terminated this agreement in September 2011. The seller disputed the validity of this termination. The parties reached agreement on this issue in mid-2012. The result is that Vastned Retail Nederland will no longer acquire this district shopping centre.

25 OPERATING LEASES

Vastned Retail leases its property investments in the form of non-cancellable operating leases.

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

	2012	2011
Within one year	124,905	123,323
One to five years	245,295	229,731
More than five years	43,604	46,312
	413,804	**399,366**

In the Netherlands, virtually all leases are concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rent increases are based on the cost-of-living index.
In France, leases are normally concluded for a period of nine or twelve years, the tenant having the option of terminating or renewing the lease every three years. Annual rent increases are based on the cost-of-construction index or on a combination of the cost-of-construction index, the cost-of-living index and retail prices.
In Spain, normally virtually all leases are concluded for a minimum period of five years. However, in the current uncertain economic climate leases are sometimes being concluded for a shorter period. Annual rent increases are based on the cost-of-living index.
In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rent increases are based on the cost-of-living index.
In Turkey, leases are generally concluded for a period of five years. Except for one lease concluded in American dollars, all leases concluded by Vastned Retail in Turkey are denominated in euros and are increased on the basis of specific agreements.
In Portugal there are two kinds of lease legislation. Under the old legislation, leases are concluded for an indefinite period and may only be terminated by the tenant. The new legislation is comparable to that in Spain.

26 EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the consolidated annual accounts have taken place since the balance sheet date.

27 RELATED PARTIES TRANSACTIONS

The following are designated related parties: controlling shareholders, subsidiaries, Supervisory Board members and members of the Board of Management.

To the company's best knowledge, no property transactions were effected during the year under review involving persons or institutions that might be regarded as related parties.

INTERESTS OF MAJOR INVESTORS

As at year-end 2012, the Netherlands Authority for the Financial Markets (AFM) had received the following reports of shareholders with an interest in the Company exceeding five per cent:

Commonwealth Bank of Australia:	5.79%
Société Fédérale de Participations et d'Investissements (SFPI):	5.26%
Stichting Pensioenfonds ABP:	5.15%

SUBSIDIARIES

Please refer to '28 Subsidiaries' and the chapter 'Corporate Governance' in the Report by the Board of Management for an overview of the major subsidiaries.

Transactions as well as internal balances and income and expenditure between the Company and its subsidiaries are eliminated in the consolidation and are not commented upon.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE BOARD OF MANAGEMENT

During the 2012 financial year none of the members of the Supervisory Board and the Board of Management of Vastned Retail had a personal interest in the investments of the company.

REMUNERATION OF THE SUPERVISORY BOARD AND SHAREHOLDING

	Remuneration 2012	Shares held at year-end 2012	Remuneration 2011	Shares held at year-end 2011
W.J. Kolff	35	–	30	–
P.M. Verboom	33	–	25	–
N.J. Westdijk (up to and including 2 May 2012)	9	–	27	–
J.B.J.M. Hunfeld	31	–	25	–
M. Bax (from 2 May 2012)	22	–	–	N/A
	130	**–**	**107**	**–**

2012

	Salaries (including social security charges)	Bonus for 2011 paid in 2012	Pension premiums	Severance payment	Crisis levy	Total	Shares held at year-end 2012
T.T.J. de Groot	384	25	70	–	53	532	33,975
T.M. de Witte	309	25	68	–	35	437	3,437
	693	**50**	**138**	**–**	**88**	**969**	**37,412**

2011

	Salaries (including social security charges)	Bonus for 2010 paid in 2011	Pension premiums	Severance payment	Crisis Levy	Total	Shares held at year-end 2011
T.T.J. de Groot	318	–	43	–	–	361	19,375
T.M. de Witte	273	8	50	–	–	331	3,255
R.A. van Gerrevink (up to and including 31 December 2011)	470	9	73	796	–	1,348	2,405
	1,061	17	166	796	–	2,040	25,035
of which allocated to VastNed Offices/Industrial	(458)	(13)	(71)	–	–	(542)	
	603	**4**	**95**	**796**	**–**	**1,498**	

Mr De Groot acquired 33,975 Vastned Retail shares at his own expense. Mr De Witte acquired 2,370 VastNed Retail shares at his own expense. He acquired the remaining shares in respect of the bonuses related to the direct investment results for 2006 and 2007. The shares conditionally awarded in 2009 were not awarded in 2012.
Vastned Retail has not provided any guarantees with regard to these shares.

No option rights have been granted to the statutory directors nor to the Supervisory Board members. Moreover, no loans or advances been made to them or guarantees been provided on their behalf.

For further details of the remuneration, please refer to the chapter 'Remuneration report 2012' included elsewhere in this annual report.

28 SUBSIDIARIES

The most important subsidiaries are:

	Established in	Interest and voting rights in %
Vastned Retail Nederland B.V.	Netherlands	100
– C.V. Winkelcentrum Het Rond	Netherlands	50
– Het Rond Houten B.V.	Netherlands	50
Vastned Retail Monumenten B.V.	Netherlands	100
Vastned Management B.V.	Netherlands	100
Hispania Retail Properties S.L.	Spain	100
– Vastned Management España S.L.	Spain	100
– Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş.	Turkey	100
Vastned Projecten B.V.	Netherlands	100
– Vastned Lusitania Investimentos Imobiliarios S.A.	Portugal	100
Vastned France Holding S.A.R.L.	France	100
– S.C.I. Centre Marine Dunkerque	France	100
– Icopro S.A.R.L.	France	100
– Jeancy S.A.R.L.	France	100
– Lenepveu S.A.R.L.	France	100
– S.C.I. Limoges Corgnac	France	100
– Palocaux S.A.R.L.	France	100
– Parivolis S.A.R.L.	France	100
– – Grep Rivoli I S.A.S.	France	100
– Val Thoiry S.A.R.L.	France	100
Immocité S.A.R.L.	France	100
Vastned Management France S.A.R.L.	France	100
Intervest Retail NV	Belgium	65
– EuroInvest Retail Properties NV	Belgium	65

The interest in Intervest Retail NV in 2012 declined from 72% to 65% due to the sale of 350,000 Intervest Retail shares at € 46.50 per share at the end of 2012. A book profit of € 2.0 million was realised on this sale, which was directly recognised in equity.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

In consultation with the audit committee, the Board of Management has applied the following essential estimates and judgements that have a material effect on the amounts included in the annual accounts.

SOURCES OF ESTIMATE UNCERTAINTIES

Assumptions concerning pending legal proceedings

As at 31 December 2012 there were no legal proceedings whose final outcome the Board of Management expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the investment result. If the outcome of these legal proceedings should differ from what the Board of Management estimates, this might have a negative impact on the investment result.

Assumptions concerning investment properties in operation

As described in '2 Significant principles for financial reporting', all investment properties in operation and under renovation are valued at least once a year by independent certified appraisers. These appraisals are based on assumptions including the estimated rental value of the investment properties in operation, net rental income, future capital expenditure and the net market yield of the investment properties.
As a result the values of the investment properties in operation and under renovation are subject to a certain degree of uncertainty. The actual outcome may therefore differ from the assumptions, and this can have a positive or negative effect on the value of the investment properties in operation and as a consequence on the investment result.

Assumptions concerning investment properties in pipeline

The investment properties in pipeline are valued internally as well as externally. The appraisals are based on assumptions such as the estimated rental value of the investment properties in pipeline, future capital expenditure and the net market yield for the properties. As a result the values of the investment properties in pipeline are subject to a certain degree of uncertainty. The actual outcome may therefore differ from the assumptions, and this can have a positive or negative effect on the value of the investment properties in pipeline and as a consequence on the investment result.

Business combinations

The Group acquires property investments either directly or through means of the acquisition of subsidiaries that own property investments. In the event that the Group acquires property investments through means of the acquisition of subsidiaries, the Group at the time of the acquisition determines whether the acquisition constitutes the acquisition of a business. The Group recognises the acquisition as a business combination if, in addition to the property investments, the acquisition also includes other key processes. An assessment is made concerning the degree to which key processes are acquired and in particular concerning the scope of the supporting services delivered by the subsidiary, such as administration, cleaning and the like. The importance of a process is assessed on the basis of the IAS 40 guidelines concerning supporting services.
In the event that the acquisition is not recognised as the acquisition of a company, it is recognised as the acquisition of a group of assets and liabilities. The acquisition costs in that case are allocated to the assets and liabilities on the basis of their relative fair value. In that case no goodwill is recorded.

Assumptions concerning pensions

The Board of Management has made a number of assumptions concerning the calculation of the provision for pension obligations. These assumptions involve inter alia assumptions about the future return to be realised on investments and about future salary rises. If the realisation should prove to deviate materially, an actuarial result might ensue that in accordance with the revised IAS 19 must be recognised in equity effective 1 January 2013.

Deferred tax liabilities

If it is possible to realise the disposal of a property through the disposal of shares in a company (subject to the usual tax rules) which has ownership of the investment properties in question, no income tax is payable on the disposal. The transfer of the deferred tax liability to the purchaser will in that case normally take place through a reduction in the sale price of the shares, whereby (generally) a deferred tax liability of 50% of the nominal tax rate is taken into account. The Board of Management of Vastned Retail is of the opinion that in these cases the deferred tax liabilities should be valued at 50% of the nominal tax rate. The Board of Management of Vastned Retail has applied this valuation method to the deferred tax assets and liabilities in respect of the Turkish and Portuguese investment properties. If these deferred tax assets and liabilities were valued at 100% of the nominal tax rate, the effect on equity as at 31 December 2012 would be a negative amount of € 3.1 million.

Deferred tax liabilities in Spain

In Spain, if capital gains are realised and reinvested in Spain within three years, income tax paid is refunded at 6% over the SOCIMI taxable period (over the regularly taxable period: 12%) of the capital gains realised at the time of disposal. The Board of Management of Vastned Retail is of the opinion that this restitution must be taken into account in determining the deferred tax liability. If the deferred tax liabilities were valued at the nominal tax rate, there would be a negative effect on equity of € 10.5 million as per 31 December 2012.

30 TOTAL EXPENSE RATIO

The total expense ratio for 2012 was 2.84% (2011: 2.26%).

The total expense ratio is calculated by dividing the total costs for the reporting period by the average equity of Vastned Retail shareholders. The total costs include ground rents paid, net service charge expenses, operating expenses, general expenses and income tax.
These costs are adjusted to allow for the share of these costs attributable to third parties.

31 APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts were drawn up by the Board of Management and authorised for publication on 28 February 2013 by the Supervisory Board.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	2012	2011
ASSETS		
Investment properties in operation	16,581	15,201
Accrued assets in respect of lease incentives	75	22
Total investment properties	16,656	15,223
Participations in group companies	1,248,733	1,321,670
Financial derivatives	2,222	1,528
Total fixed assets	**1,267,611**	**1,338,421**
Group companies	193,870	91,951
Debtors and other receivables	442	345
Cash and cash equivalents	58	12,098
Total current assets	**194,370**	**104,394**
Total assets	**1,461,981**	**1,442,815**
LIABILITIES		
Capital paid-up and called	95,183	93,106
Share premium reserve	468,555	470,705
Hedging reserve in respect of financial derivatives	(44,747)	(39,765)
Translation reserve	(2,464)	(2,029)
Revaluation reserve	460,852	540,091
Other reserves	(33,108)	(157,812)
Investment result attributable to Vastned Retail shareholders	(41,014)	96,097
Equity Vastned Retail shareholders	**903,257**	**1,000,393**
Long-term interest-bearing loans	329,567	303,848
Financial derivatives	15,027	13,027
Guarantee deposits	215	206
Total long-term liabilities	**344,809**	**317,081**
Payable to banks	209,260	122,100
Income tax	11	3
Other liabilities and accruals	4,644	3,238
Total short-term liabilities	**213,915**	**125,341**
Total equity and liabilities	**1,461,981**	**1,442,815**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

	2012	2011
Company result	(1,877)	906
Result from participations in group companies	(39,137)	95,191
Investment result	**(41,014)**	**96,097**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL

The company profit and loss account has been shown in abbreviated form pursuant to Section 402 of Book 2 of the Dutch Civil Code.
The company annual accounts are part of the 2012 annual accounts, which also include the consolidated annual accounts.
The Company has availed itself of the provisions of Section 379(5) of Book 2 of the Dutch Civil Code. The list as referred to in this Section has been filed with the offices of the Commercial Register in Rotterdam.
The Company has issued certificates of guarantee for a number of group companies in accordance with Section 403 of Book 2 of the Dutch Civil Code.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The company annual accounts have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.
In the preparation of the company annual accounts, the provisions of 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 annual accounts. Reference is therefore made to the notes to those accounts.
The participations in group companies have been stated at net asset value.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

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

INVESTMENT PROPERTIES IN OPERATION

	2012	2011
Balance as at 1 January	15,201	13,831
Capital expenditure	(8)	–
Value movements	1,388	1,370
Balance as at 31 December	16,581	15,201
Accrued assets in respect of lease incentives	75	22
Appraisal value as at 31 December	**16,656**	**15,223**

PARTICIPATIONS IN GROUP COMPANIES

	2012	2011
Balance as at 1 January	1,321,670	1,224,295
Acquisitions and capital contributions	692	16,739
Share in investment result	(39,137)	95,191
Share in total result recognised directly in equity	(2,776)	(5,148)
Payments received	(9,446)	(8,989)
Disposals	(14,100)	(3)
Legal restructuring of subsidiaries	(8,187)	–
Other movements	17	(415)
Balance as at 31 December	**1,248,733**	**1,321,670**

As at 31 December 2012, Vastned Retail together with its subsidiaries held 3,325,960 Intervest Retail shares (31 December 2011: 3,675,960 shares). The net asset value per share on 31 December 2012 was € 40.76 (31 December 2011: € 39.43 per share).
The share price of Intervest Retail shares on 31 December 2012 was € 47.60 (31 December 2011: € 44.98 per share).

EQUITY

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Investment result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 1 January 2011	92,476	471,370	(31,649)	(780)	494,131	(149,154)	99,176	975,570
Investment result	–	–	–	–	–	–	96,097	96,097
Value movements financial derivatives	–	–	(8,116)	–	–	–	–	(8,116)
Translation differences on net investments	–	–	–	(1,249)	–	–	–	(1,249)
Stock dividend	630	(630)	–	–	–	–	–	–
Costs of stock dividend	–	(35)	–	–	–	–	–	(35)
Final dividend previous financial year in cash	–	–	–	–	–	–	(41,577)	(41,577)
2011 interim dividend in cash	–	–	–	–	–	(20,297)	–	(20,297)
Contribution from profit appropriation	–	–	–	–	–	57,599	(57,599)	–
Allocation to revaluation reserve	–	–	–	–	45,960	(45,960)	–	–
Balance as at 31 december 2011	93,106	470,705	(39,765)	(2,029)	540,091	(157,812)	96,097	1,000,393
Investment result	–	–	–	–	–	–	(41,014)	(41,014)
Value movements financial derivatives	–	–	(4,982)	–	–	–	–	(4,982)
Translation differences on net investments	–	–	–	(435)	–	–	–	(435)
Net result on sale of Intervest Retail shares	–	–	–	–	–	2,012	–	2,012
Stock dividend	2,077	(2,077)	–	–	–	–	–	–
Costs of stock dividend	–	(73)	–	–	–	–	–	(73)
Final dividend previous financial year in cash	–	–	–	–	–	–	(33,417)	(33,417)
2012 interim dividend in cash	–	–	–	–	–	(19,227)	–	(19,227)
Contribution from profit appropriation	–	–	–	–	–	62,680	(62,680)	–
Allocation to revaluation reserve	–	–	–	–	(79,239)	79,239	–	–
Balance as at 31 december 2012	**95,183**	**468,555**	**(44,747)**	**(2,464)**	**460,852**	**(33,108)**	**(41,014)**	**903,257**

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

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

APPROVAL OF THE COMPANY ANNUAL ACCOUNTS

The company annual accounts were drawn up by the Board of Management and authorised for publication on 28 February 2013 by the Supervisory Board.

OTHER INFORMATION

PROFIT DISTRIBUTION

In accordance with the Company's articles of association, the profit is placed at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as Vastned Retail shareholders' equity exceeds the sum of the capital paid-up and called augmented by the reserves required to be maintained by law.
In order to retain its fiscal status as an investment institution, the Company must distribute the taxable profit, after making permitted reservations, within eight months of the end of the year under review.

PROFIT APPROPRIATION

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

Investment result attributable to Vastned Retail shareholders	(41,014)
To be charged to the reserves	103,562
Available for dividend payment	62,548
Distributed earlier as interim dividend	(19,227)
Available for final dividend payment	**43,321**

The Board of Management proposes to distribute a final dividend over the 2012 financial year of € 1.54 per share in cash and to add the remainder of the distributable profit to the other reserves.

In order to comply with the conditions for a fiscal investment institution, a minimum of € 42.9 million in cash (approximately € 2.25 per share) must be disbursed. The payment of the interim dividend and the proposed final dividend meets the fiscal distribution obligation.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Vastned Retail N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2012 of Vastned Retail N.V., Rotterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as per December 31, 2012, the consolidated statements of comprehensive income, the consolidated movements in equity and the consolidated cashflow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as per December 31, 2012 the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as per December 31, 2012 and of its result and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, the company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as per December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, March 6, 2013
Deloitte Accountants B.V.

D.A. Sonneveldt

2012 REMUNERATION REPORT

This section comprises three parts: The first part is a description of the remuneration policy as adopted by the Extraordinary General Meeting of Shareholders held on 25 November 2011. The second part contains information concerning the remuneration of the Board of Management in 2012 and the changes expected in 2013. The third part contains information concerning the remuneration of the Supervisory Board.

REMUNERATION POLICY

The remuneration policy for the Vastned Board of Management was adopted by the Extraordinary General Meeting of Shareholders held on 25 November 2011. The adoption took place in light of the changed circumstances and the introduction of the renewed strategy. The remuneration policy is based on the following assumptions:

- The level and structure of the total remuneration should enable Vastned to attract, motivate and retain qualified members of the Board of Management with the necessary expertise;
- The proportion of fixed and variable income should be such that it promotes Vastned's medium and long-term interests, and;
- The variable portion of the remuneration should be fitting in relation to the fixed portion of the remuneration.

In the context of this remuneration policy, Vastned performs a benchmark every three years, in which the total remuneration of the Board of Management is compared with comparable investment funds vested in the Netherlands with which Vastned competes on the labour market. Among others this includes Corio, Eurocommercial Properties, Wereldhave and NSI (reference group). This benchmark was performed as part of the proposal for a new remuneration policy submitted to the Extraordinary General Meeting of Shareholders held on 25 November 2011. A remuneration benchmark is performed each year to assess whether the fixed basic salary should be adjusted.
In establishing the total remuneration of the Board of Management its impact on the remuneration proportions within the Company is taken into consideration. In 2012 a benchmark of the Remuneration policy took place against the mentioned reference group.

Total Direct Remuneration (TDR)

The total direct remuneration of the Management Board consists of the following:
(I) Basic salary
(II)Variable income

- Performance-linked Short-Term Incentive (STI)
- Performance-linked Long-Term Incentive (LTI)

In addition to this total direct remuneration, the Board of Management is entitled to a non-contributory pension and other perquisites, such as a company car and a telephone and internet allowance.

Basic Salary

In determining a suitable remuneration level, Vastned gives due consideration to external reference data. The CEO is granted a fixed annual salary including holiday allowance that is in line with the abovementioned reference group. The other members of the Board of Management are granted a fixed annual salary including holiday allowance that ranges from 60%–80% of the CEO's fixed annual salary, depending on the weight of the portfolio, experience and performance. The Supervisory Board has the discretionary authority required to adjust the basic salary. The fixed basic salary, in contrast to the variable income discussed below, is pensionable.

Variable Income

Each year at the end of the year, following the determination of the fixed annual salaries of the members of the Board of Management for the coming financial year by the Supervisory Board, the maximum realisable variable income for the members of the Board of Management for that year is calculated as the average of the established annual salaries.

The variable Part of the income consists of Short-Term Incentives (STI) and Long-Term Incentives (LTI). Of this variable income, 40% is designated as STI and 60% as LTI. The realisation of the STI is linked to the realisation of short-term objectives with a term of one year and the LTI is linked to the realisation of long-term objectives with a term of three years. The above creates a balance between value creation over the short and long term. As indicated above the variable income (STI and LTI) can result in a maximum of 100% of the average basic salary when the objectives are met.

The Supervisory Board has the discretionary authority required to establish the parameters related to the various elements of the variable portion of the income, and where necessary adjust them, with due consideration to the general rules and principles of the remuneration policy itself. The distribution of the variable income when the objectives are realised is as follows:

	(in %)
Short-Term Incentive (STI)	40
Long-Term Incentive (LTI)	60
Total variable income in % of basic salary	100

Short-term incentive (STI)

Members of the Board of Management qualify for participation in an STI scheme. This scheme rewards operational performance over the short term with the objective of creating value over the long term.

When all objectives are realised, the STI amounts to a maximum of 40% of the annual basic salary. Four STI performance criteria are established by the Supervisory Board each year on the basis of a number of factors, such as past performance, the Company's operational and strategic prospects over the short term and expectations over the long term. These objectives contribute to the realisation of the targeted value creation over the long term.

A score range is linked to each performance criterion in such a way that in the event of 'at target' performance for each of the four criteria, a bonus of 80% of the maximum STI is paid. The maximum STI can only be realised if top scores are achieved for all performance criteria and no STI will be paid if none of the defined minimum performance criteria are realised. At least three of the four performance criteria to be defined concern objectively measurable, challenging targets of which two are common to all members of the Board of Management and one is specific to each member of the Board of Management individually. The fourth performance criterion may contain qualitative elements, including an evaluation by the Supervisory Board of the performance of the Directors.

The degree to which the STI is realised is determined following the completion of the relevant financial year and the bonus determined accordingly is paid in cash following the adoption of the financial statements for the relevant financial year by the Annual General Meeting of Shareholders. Members of the Board of Management will use their STI payment for the purchase of Vastned shares as long and insofar as the Vastned shares held by them that are purchased at their own expense are valued at less than 50% of their gross annual salary.

Long term incentive (LTI)

Members of the Board of Management qualify for participation in an LTI scheme in the form of performance-linked shares. The amount in shares to be awarded is dependent on the realisation of the performance criteria defined in advance for a period of three years (first award is in 2015). The nominal LTI amount established in this way will be paid in shares at the initial share price established for a Vastned share for that year as defined below (initial share price). The shares paid this way are immediately entitled to dividend. Two targets apply for the award of performance-linked shares:

a Total Shareholder Return (TSR) of the Vastned share in comparison to a reference group;

b The three-year yield realised by Vastned in terms of the average initial share price and the Net Asset Value per share (NAV).

The LTI performance targets can be defined as follows:

Total shareholder return of the vastned share in comparison to a reference group

50% of the LTI is linked to the total result over periods of three years each consisting of the value movements in the Vastned share price and taking into account that interim dividends paid will be reinvested (Total Shareholder Return (TSR)) in comparison to a reference group. At the beginning of each financial year, the initial share price of a Vastned share and that of a reference group of nine listed retail property funds are determined by taking the average of the first ten closing share prices for the year for each fund. The reference group currently comprises the following:

Reference group	
Eurocommercial Properties	Corio
Mercialys	Citycon
Wereldhave	NSI
Deutsche EuroShop	Klépierre
Unibail-Rodamco	Vastned

The reference group will be reviewed each year by the Supervisory Board on the basis of market developments (such as mergers and takeovers) that affect the suitability of the composition of the group. After three years, for the first time in 2015, Vastned and the reference group are ranked in terms of the TSR for the previous three years. The maximum LTI to be awarded conditionally becomes definitive in accordance with the following scheme:

Ranking	LTI (in %)
Vastned in position 1–2	50
Vastned in position 3–4	35
Vastned in position 5–6	20
Vastned in position 7–10	–

The realisation of these LTI performance targets will be validated by a bank and audited by the external accountant.

LTI based on three-year yield

The other 50% of the LTI is linked to the three-year yield realised by Vastned in terms of the average initial share price and the Net Asset Value per share (NAV). The NAV is adjusted for the acquisition costs incurred in the relevant period for property investments in the context of the renewed strategy. Each year, the initial value is determined by taking the average of the Vastned initial share price as defined above (average of the first ten closing share prices) and the NAV as at the end of the previous financial year adjusted for the acquisition costs incurred in the previous three financial years. After three years the yield realised on the initial value established in this way is calculated by dividing the movement in value, increased by the interim dividends paid, by the initial value.

Example

The average of the first ten closing share prices of the Vastned share in 2012 is € 32.67 and suppose that the NAV at year-end 2011 is € 53.73. The initial value for calculating the LTI is then set at the average of these two values, i.e. € 43.20. Next, suppose that the initial share value calculated in the same way for 2015 is € 46.00 and that interim dividends in the amount of € 10.00 were paid. The three-year yield in that case is 29.6% ((€ 46.00 - € 43.20 + € 10.00) / € 43.20).[1)]

The conditionally awarded maximum LTI becomes definitive in accordance with the following scheme:

Three-year yield less than 25%:	0% LTI
Three-year yield between 25% and 35%:	LTI prorated, 5% per % yield
Three-year yield 35% or more:	50% LTI

If the initial value for the three-year period calculated above rises, then the above-referenced LTI award limits will be adjusted in accordance with the scheme below.

		Initial Share Price 3-year Period (amounts in €) (in %)				
	Percentage Awarded	<45	45–50	50–55	55–60	>60
	0	25.0	23.8	22.6	21.4	20.4
Lower limits	5	26.0	24.7	23.5	22.3	21.2
of graduated scales	10	27.0	25.7	24.4	23.1	22.0
for three-year yield	15	28.0	26.6	25.3	24.0	22.8
	20	29.0	27.6	26.2	24.9	23.6
	25	30.0	28.5	27.1	25.7	24.4
	30	31.0	29.5	28.0	26.6	25.2
	35	32.0	30.4	28.9	27.4	26.1
	40	33.0	31.4	29.8	28.3	26.9
	45	34.0	32.3	30.7	29.2	27.7
	50	35.0	33.3	31.6	30.0	28.5

A maximum of fifty percent of the LTI-based shares paid in any financial year may be sold immediately to pay taxes due. The other paid shares must be held for a period of at least two years or until the end of the employment of the Director in question, if earlier.

Conditionally awarded amounts under the LTI scheme in principle become unconditional and paid in shares if a public bid, supported by Vastned, on the Vastned shares has become irrevocable. However, before the awarded amounts under the LTI scheme become unconditional in the event of a public bid, the Supervisory Board, on the basis of good Corporate Governance and applicable laws, will check whether making the awarded amounts unconditional would lead to disproportionate or unreasonable results, in which case the Supervisory Board may adjust the remuneration.

In the event of the interim termination of the employment contract of a Director, the Supervisory Board, with due consideration to the way in which and the circumstances under which the termination occurred, will decide whether, and if so, to what extent, the LTI conditionally awarded to the Director in question will be withdrawn.

Granting date

The shares will be granted on the date of the ex-dividend listing following the Annual General Meeting of Shareholders in which the Vastned financial statements are adopted.

1 The amounts used are fictitious and are in no way predictive.

Board of Management Employment Contracts

Duration of the contract

The term of Mr De Groot's employment contract is four years. The term of Mr De Witte's employment contract is indeterminate. Mr De Witte's employment contract terminates on his retirement date or when it is terminated by one of the two parties.

Period of appointment

Mr De Groot was appointed for a period of four years by the Annual General Meeting of Shareholders of 2 May 2012, effective from 25 November 2011. Mr De Witte was appointed as a Managing Director of Vastned by the Extraordinary General Meeting of Shareholders of 25 November 2011, for an indeterminate period of time. Mr De Witte has agreed with the Supervisory Board that he is appointed as of 25 November 2011, for a period of four years.

Period of notice

A three-month period of notice applies if the contract is terminated by the Director himself. If the contract is terminated by Vastned, a six-month legal period of notice applies.

Severance payment

Mr Taco T.J. De Groot (CEO)

If the employment contract with Mr De Groot (CEO) is terminated as a result of a merger or take-over on the initiative of Vastned, compensation of a maximum of twelve months' salary is paid. The employment contract concluded with Mr De Groot complies with the Dutch Corporate Governance Code.

Mr Tom M. de Witte (CFO)

Mr De Witte joined Vastned in 2013 and has an indeterminated employment contract. In the event of involuntary dismissal, Mr De Witte is entitled to compensation to be determined in line with the method used in the Dutch sub-district court formula. If the employment contract is terminated as a result of a merger or take-over on the initiative of Vastned, compensation of at least fifteen months' salary is paid.

Should a situation arise which qualifies for a severance payment to be made to these members of the Board of Management, the Remuneration Committee will make recommendations concerning the applicable conditions. The Supervisory Board will subsequently decide on this with due consideration to current practice in this type of situation as well as the applicable laws and stipulations of good governance. The employment contracts of newly appointed members to the Board of Management will include a provision for a severance scheme in accordance with the Dutch Corporate Governance Code.

Share ownership

The Supervisory Board will encourage the Board of Management to hold shares in the Company as a means of emphasising their confidence in the strategy and the Company.

Loans

Vastned does not provide any loans or guarantees to the members of the Board of Management.

Scenario analysis

In accordance with the Dutch coroprate governance code, the Supervisory Board is obliged to analyse the 'potential results of the variable remuneration components and their impact on the remuneration of directors'. Vastned performs this analysis at least every three years.

REMUNERATION OF THE BOARD OF MANAGEMENT IN 2012

A proposal was submitted to and adopted by the Extraordinary General Meeting of Shareholders of 25 November 2011 to apply the total remuneration package to 2012. The basic salary of the Board of Management was increased and adopted as follows (remuneration in €):

Basic salary	2012	2011	%
Taco T.J. de Groot	375,000	310,000	18%
Tom M. de Witte	300,000	265,000	13%

VARIABLE INCOME IN 2012

The maximum variable income over the 2012 financial year realisable by each member of the Board of Management was € 337,500, with a maximum STI of € 135,000 and a maximum LTI of € 202,500.

Short-term incentives over 2012

The STI targets are reviewed each year to ensure that they are challenging and realistic. The performance criteria are determined on the basis of Vastned's operational and strategic direction and are directly linked to Vastned's ambitions. The performance targets for each member of the Board of Management are established at the beginning of each year and pertain to elements such as:

1. Increasing the share of high street shops within the property portfolio;
2. Disposing of non-strategic assets;
3. Realising an occupancy rate established in advance, and;
4. Diversifying the financing.

The Supervisory Board has determined the extent to which the performance criteria for 2012 were realised. Mr. De Groot realised an realisation percentage of 34% (maximum STI was 40%) and mr. De Witte 24%. A table summarising the STI paid to each individual member of the Board of Management in 2012 is contained on the next page.

Long-term incentives over 2012

The maximum realisable LTI over 2012 was € 202,500. The LTI is linked to the total result over periods of three years each. The 2012 reporting year is the first year within the three-year period within which the LTI is determined. Based on the position as at year-end 2012, no LTI is owed on the basis of the relative TSR. This is because Vastned ranked eighth in the adopted reference group. Based on the position as at year-end 2012, no LTI is owed on the basis of the three-year yield. This means that no performance-linked Vastned shares were awarded to the Board of Management in 2012. Since the LTI is determined on the basis of the position after three years, the financial statements do not provide for an LTI for the time being.

Pensions

The pension schemes that are applicable to the Board of Management are exempt from premiums. Mr De Witte's pension scheme is based on the career-average system and Mr De Groot's pension scheme is a defined contribution scheme. The expected retirement age for Mr De Witte and Mr De Groot is 65. The pension schemes include a Partner's Pension and an Occupational Disability Pension.

Loans

Vastned did not provide any loans or guarantees to the members of the Board of Management in 2012.

Purchase of shares

All members of the Board of Management hold shares in the Company as a means of emphasising their confidence in the strategy and the Company. Shares are purchased via personal transactions using personal funds. On 1 January 2013, members of the Board of Management collectively held 37,412 shares. This number was 22,630 on 1 January 2012. For additional information refer to the Shareholders Information chapter starting on page 17.

Summary of the remuneration of the Board of Management

The following table summarises the remuneration awarded to the Board of Management in 2012 (remuneration in €).

Name	Fixed Salary	Allowances and other Payments[1)]	Variable Income	Subtotal	Pension	Shares Awarded	Total
Taco T, .J. de Groot	375,000	32,417	114,750	522,167	70,181	–	592,348
Tom M. de Witte	300,000	20,117	81,000	401,117	68,175	–	469,292
Total 2012	675,000	52,534	195.750	923,284	138,356	–	1,061,640

Remuneration of the Board of Management in 2013

At the end of 2012, the Supervisory Board benchmarked the CEO's basic salary. The conclusion of this analysis is that the basic salary for the members of the Board of Management will not be adjusted for 2013. The other components will also not be adjusted. The basic salary for the members of the Board of Management for 2013 is as follows (remuneration in €):

Basic Salary	2013	2012	%
Taco T.J. de Groot	375,000	375,000	0%
Tom. M. de Witte	300,000	300,000	0%

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration Policy and Remuneration in 2012

Since the remuneration of the Supervisory Board was last increased in 2006, the Annual General Meeting of Shareholders in 2012 agreed with the proposal calling for an increase in the remuneration of the members of the Supervisory Board.

In accordance with good corporate governance, the remuneration of the Supervisory Board is not dependent on the Company's results. This means that no shares are awarded as remuneration to the members of the Supervisory Board.

The current remuneration package for the Supervisory Board comprises a fixed annual remuneration and an annual remuneration for membership in committees. The fixed annual remuneration of the Chairman of the Supervisory Board is € 38,000; the members of the Board each receive a fixed remuneration of € 30,000. Members receive € 4,000 for membership in the Audit Committee. Members of the Remuneration Committee each receive € 3,000. Apart from the aforementioned remuneration, the members do not receive any further remuneration other than reimbursements of actually incurred expenses.

Insofar as members of the Supervisory Board own Vastned shares, this must be a long term investment in the Company. As at 31 December 2012, none of the members of the Supervisory Board held any shares in Vastned (likewise in 2011).

Vastned does not provide any loans or guarantees to the members of the Supervisory Board.

1 This concerns costs related to a company car, telephone and internet costs and allowances for health insurance.

Summary of the remuneration of the Supervisory Board in 2012

The following table summarises the remuneration of the Supervisory Board in 2012 (remuneration in €).

Name	Supervisory Board	Audit Committee	Remuneration Committee	Total
Wouter J. Kolff	34,000	–	1,000	35,000
Pieter M. Verboom	27,000	4,000	2,000	33,000
N.J. (Klaas) Westdijk [1]	8,000	–	1,000	9,000
Marieke Bax [2]	20,000	–	2,000	22,000
Jeroen B.J.M. Hunfeld	27,000	4,000	–	31,000
Total 2012	**116.000**	**8.000**	**6.000**	**130.000**

Remuneration of the Supervisory Board in 2013

During the Annual General Meeting of Shareholders of 2 May 2012, the Supervisory Board announced that in principle it will not submit any proposals calling for an increase in its remuneration in the next three years.

1 Up to and incl. 2 May 2012.
2 From 2 May 2012.

PROPERTY PORTFOLIO 2012

INVESTMENT PROPERTIES IN OPERATION

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
THE NETHERLANDS								
Alkmaar								
Laat 165-167	High street shop	1990	1906	345	1	–	–	91
Payglop 6	High street shop	1988	1900	45	1	–	–	23
Payglop 14	High street shop	1994	1930	143	1	–	–	44
Almelo								
Grotestraat 32 / Hof van Gülick 10	High street shop	1993	1920	210	1	1	–	46
Grotestraat 35a-37	High street shop	1994	1900	150	1	1	–	53
Grotestraat 36	High street shop	1996	1920	430	1	–	–	85
Grotestraat 83-85	High street shop	1994	1850	255	1	–	–	135
Grotestraat 97a / Koornmarkt 3-5 and 9-11 / Werfstraat 1	High street shop	1993	1920	1,132	4	–	–	208
Almere								
Shopping centre Buitenmere	Shopping centre	2012	2012	4,955	16	–	–	1,403
Amersfoort								
Langestraat 8	High street shop	1990	1900	409	1	–	–	102
Utrechtsestraat 13 / Hellestraat 3	High street shop	2008	1900	97	1	1	–	73
Amsterdam								
Shopping centre Boven 't IJ [1)]	Shopping centre	90/93/07	68/72	9,988	3	–	–	1,327
Ferdinand Bolstraat 65	High street shop	1989	1883	113	1	3	–	60
Ferdinand Bolstraat 79	High street shop	1987	1905	85	–	3	–	62
Ferdinand Bolstraat 81	High street shop	1989	1884	82	–	3	–	61
Ferdinand Bolstraat 88	High street shop	1987	1883	85	1	3	–	67
Ferdinand Bolstraat 92 / G. Flinckstraat 118	High street shop	1987	1882	81	1	6	–	71
Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90	High street shop	1987	1892	194	1	9	–	122
Ferdinand Bolstraat 101	High street shop	1989	1892	118	1	3	–	47
Ferdinand Bolstraat 109	High street shop	1989	1882	76	1	3	–	55
Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88	High street shop	1993	1893	130	1	6	–	71
Ferdinand Bolstraat 122	High street shop	1987	1893	95	1	3	–	64
Ferdinand Bolstraat 124	High street shop	1987	1893	75	1	3	–	59
Ferdinand Bolstraat 126	High street shop	1989	1893	80	1	3	–	56
Heiligeweg 47	High street shop	1989	1899	60	1	–	–	100
Kalverstraat 9	High street shop	1990	1900	253	1	–	–	132
Kalverstraat 162-164	High street shop	1988	1800	328	1	–	–	307
Kalverstraat 182	High street shop	1987	1900	95	1	–	–	204
Kalverstraat 208	High street shop	1991	1850	160	2	–	–	120
Keizersgracht 504	High street shop	2012	1686	200	1	1	–	71
Leidsestraat 5	High street shop	1990	1905	380	1	–	–	130
Leidsestraat 46	High street shop	2012	1900	190	1	–	–	179
Leidsestraat 64-66 / Kerkstraat 44	High street shop	1986	1912	790	4	–	–	256
Paleisstraat 21	High street shop	1990	1876	310	1	–	–	53
Reguliersbreestraat 9 / Amstel 8	High street shop	1987	1905	277	2	3	–	130
Rembrandtplein 7 [1)]	High street shop	2007	1897	285	1	3	–	221
Van Baerlestraat 86	High street shop	1994	1800	90	1	2	–	75
Van Baerlestraat 108-110	High street shop	1990	1800	265	2	3	–	122

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Apeldoorn								
Deventerstraat 5	High street shop	1990	1900	363	2	2	–	119
Deventerstraat 6	High street shop	1990	1930	70	1	–	–	33
Deventerstraat 14 and 14a	High street shop	1994	1900	295	2	–	–	100
Arnhem								
Bakkerstraat 3a and 4 / Wielakkerstraat 8	High street shop	1990	1600	188	2	1	–	119
Bakkerstraat 6	High street shop	1994	1950	574	1	–	–	153
Koningstraat 12-13 / Beekstraat 105-107 and 108	High street shop	1988	1890	1,052	4	3	–	344
Vijzelstraat 24	High street shop	1994	1800	161	1	–	–	97
Assen								
Gedempte Singel 11-13 / Mulderstraat 8	High street shop	1995	1952	894	3	–	–	103
Bemmel								
Dorpsstraat 31, 31a-e / Kloosterplaats 1 / Dr Poellstraat 1	High street shop	1998	1992	1,815	5	2	–	251
Bergen op Zoom								
Wouwsestraat 48	High street shop	1994	1900	80	1	–	–	51
Beverwijk								
Nieuwstraat 9-11 / Breestraat 65	High street shop	1989	1910	2,630	4	–	–	353
Bilthoven								
Julianalaan 53	High street shop	1997	1930	367	1	–	–	38
Borculo								
Lichtenhorst 7-9	Retail warehouse	2007	2007	2,350	2	–	–	293
Boxmeer								
Hoogkoorpassage 14-18 and 22	High street shop	1990	1989	566	5	–	–	83
Steenstraat 110 / D'n entrepot	High street shop	1997	1992	135	1	–	–	47
Boxtel								
Stationstraat 18-20	High street shop	1997	1920	750	1	–	–	86
Breda								
Eindstraat 14-16	High street shop	1988	1924	260	1	–	–	215
Ginnekenstraat 3	High street shop	1994	1985	88	1	–	–	84
Ginnekenstraat 19	High street shop	1993	1980	150	1	–	–	125
Ginnekenstraat 80-80a	High street shop	1998	1905	165	1	5	–	113
Grote Markt 29 / Korte Brugstraat 2	High street shop	1991	1953	102	1	–	–	64
Karrestraat 25	High street shop	1994	1920	268	1	2	–	142
Ridderstraat 19	High street shop	1994	1800	225	1	–	–	63
Torenstraat 2 / Korte Brugstraat 14	High street shop	1992	1953	90	1	–	–	78
Veemarktstraat 30	High street shop	1991	1920	555	1	–	–	82
Veemarktstraat 32	High street shop	1992	1800	70	1	2	–	42
Brielle								
De Reede 36-50 1)	Shopping centre	1993	1977	1,610	7	–	–	274
Brunssum								
Kerkstraat 45 / Schiffelerstraat 1	High street shop	1997	1970	620	1	–	–	86
Bussum								
Kerkstraat 1 / Brinklaan	Retail warehouse	1994	1974	1,007	2	–	–	131
Nassaulaan 12 / Nassaustraat 1a and 1g	High street shop	1994	1920	295	1	2	–	88
Nassaustraat 12-16	High street shop	1994	1900	181	1	1	–	84
Veerstraat 11 and 11d	High street shop	1990	1900	360	2	–	–	113
Capelle a/d IJssel								
Lylantse Baan 7	Retail warehouse	1990	1985	13,336	3	–	150	941
Coevorden								
Friesestraat 14 / Weeshuisstraat 9	High street shop	1997	1950	203	1	3	–	58

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Culemborg								
Everwijnstraat 6-14 / Markt 53	High street shop	1999	1989	493	6	–	–	108
Dalfsen								
Van Bloemendalstraat 6-8 / Wilhelminastraat 5	High street shop	1997	1991	434	2	1	–	58
Dedemsvaart								
Julianastraat 13-19	High street shop	1997	1922	1,190	4	–	–	152
Delft								
Markt 23	High street shop	1990	1906	54	1	3	–	50
Oude Langendijk 2	High street shop	1996	1906	120	1	–	–	40
Oude Langendijk 11	High street shop	1987	1906	150	1	–	–	56
Wijnhaven 9 / Oude Delft 92	High street shop	1986	1700	184	1	–	–	41
Deventer								
Lange Bisschopstraat 34	High street shop	1991	1900	278	1	–	–	50
Lange Bisschopstraat 50	High street shop	1993	1800	210	1	1	–	113
Doetinchem								
Dr. Huber Noodstraat 2	High street shop	1997	1968	1,840	4	–	–	299
Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	High street shop	1994	1985	310	4	–	–	91
Nieuwstad 57-59	Retail warehouse	1988	1988	1,686	2	–	–	155
Doorwerth								
Mozartlaan 52-66 / van der Molenallee 107-125	Shopping centre	1997	2007	3,395	12	–	–	483
Dordrecht								
Voorstraat 262	High street shop	1996	1800	175	1	4	–	124
Drachten								
Zuidkade 2	High street shop	1995	1900	150	1	1	–	53
Eerbeek								
Stuyvenburchstraat 44	High street shop	1997	1965	350	2	2	–	82
Stuyvenburchstraat 141	High street shop	1998	1950	420	1	2	–	58
Eindhoven								
Orionstraat 137-159	Shopping centre	1993	1973	3,102	9	–	–	497
Rechtestraat 25	High street shop	1992	1930	100	1	–	–	125
Rechtestraat 44-48	High street shop	1988	1966	3,273	2	–	–	603
Emmeloord								
Lange Nering 65	High street shop	1993	1960	275	1	1	–	67
Enschede								
Kalanderstraat 6	High street shop	1993	1950	124	1	–	–	98
Langestraat 9-17a / Achter het Hofje 2	High street shop	1987	1930	2,703	8	1	–	363
Raadhuisstraat 9	High street shop	1990	1954	289	1	–	–	62
Goes								
Lange Kerkstraat 9	High street shop	1994	1920	65	1	–	–	35
Goor								
Grotestraat 57-59 and 63	High street shop	1994	1910	859	2	1	–	65
Gouda								
Hoogstraat 5	High street shop	1988	1900	190	1	–	–	47
Kleiweg 77-95	High street shop	1994	1900	1,200	3	5	–	465
Kleiweg 103 / Regentesseplantsoen	High street shop	1990	1988	862	3	–	–	212
Markt 52	High street shop	1990	1900	284	1	–	–	49
Groningen								
Brugstraat 2-6 / Schuitemakersstraat 1	High street shop	1995	1905	840	2	–	–	159
Dierenriemstraat 198/2	Shopping centre	1993	1992	914	1	–	–	96
Herestraat 41	High street shop	1994	1991	243	1	–	–	149
Stoeldraaierstraat 17	High street shop	1990	1953	266	1	10	–	67
Vismarkt 31-31a-c	High street shop	1993	1880	275	1	5	–	133

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
Haaksbergen								
Spoorstraat 45	High street shop	1997	1986	800	1	1	–	91
Haarlem								
Grote Houtstraat 90	High street shop	1988	1850	96	1	–	–	64
Hardenberg								
Fortuinstraat 21	High street shop	1997	1985	300	1	–	–	42
Voorstraat 10	High street shop	1997	1930	1,173	1	–	–	138
Harderwijk								
Markt 14	High street shop	1991	1875	470	1	–	–	86
Shopping centre Vuldersbrink	Shopping centre	1998	1978	4,735	12	–	–	765
Harlingen								
Kleine Bredeplaats 8a-10a / Grote Bredeplaats 26-26b	High street shop	1997	1990	658	1	3	–	67
Heemstede								
Binnenweg 135-137	High street shop	1989	1924	65	1	1	–	36
Heerde								
Dorpsstraat 57-61	Retail warehouse	1998	1994	1,270	1	2	–	252
Heerlen								
In de Cramer 140	Retail warehouse	2007	2007	6,000	1	–	120	499
Saroleastraat 38	High street shop	1994	1930	225	1	1	–	114
Helden Panningen								
Kepringelehof 3-5 and 9-11	Retail warehouse	1998	1991	2,990	4	–	147	343
Helmond								
Veestraat 1	High street shop	1994	1950	240	1	–	–	94
Veestraat 39	High street shop	1994	1960	136	1	–	–	41
Hengelo								
Molenstraat 4	High street shop	1991	1991	120	1	1	–	28
Wegtersweg 4	Retail warehouse	2006	2006	4,622	1	–	100	375
's-Hertogenbosch								
Hinthamerstraat 48	High street shop	1988	1900	130	1	2	–	79
Markt 27	High street shop	2012	1648	225	1	–	–	138
Hilversum								
Kerkstraat 55	High street shop	1994	1950	130	1	–	–	73
Kerkstraat 87	High street shop	1988	1905	100	–	–	–	61
Kerkstraat 91	High street shop	1994	1850	250	1	–	–	49
Kerkstraat 98	High street shop	1990	1927	77	1	1	–	57
Schoutenstraat 6	High street shop	1987	1923	65	1	–	–	37
Schoutenstraat 8	High street shop	1986	1923	122	1	–	–	52
Hoogeveen								
Hoofdstraat 157	High street shop	1993	1960	75	1	–	–	35
Hoorn								
Grote Noord 114	High street shop	1996	1912	85	1	–	–	39
Grote Noord 118	High street shop	1994	1900	80	1	1	–	53
Nieuwsteeg 24	High street shop	1994	1920	134	1	1	–	70
Houten								
Shopping centre Het Rond [2)]	Shopping centre	90/08	84/08	28,063	110	–	505	6,727
Onderdoor 3-13	Other	2006	1984	2,187	4	–	14	295
Onderdoor 4, 4a	Other	2010	2010	2,105	2	–	–	256
IJsselstein								
Utrechtsestraat 45	High street shop	2007	2007	595	1	–	–	101
Utrechtsestraat 75	High street shop	1990	1911	300	1	–	–	76

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
Joure								
Midstraat 153-163	High street shop	2006	1981	2,519	4	5	–	405
Leek								
Tolberterstraat 3-5	High street shop	1997	1996	575	2	1	–	80
Leeuwarden								
Ruiterskwartier 127	High street shop	1995	1929	291	1	–	–	41
Ruiterskwartier 135	High street shop	1995	1930	70	1	–	–	36
Wirdumerdijk 7 / Weaze 16	High street shop	1994	1920	520	2	1	–	192
Leiden								
Haarlemmerstraat 53	High street shop	1996	1928	85	1	–	–	60
Haarlemmerstraat 202 / v.d. Werfstraat 39	High street shop	1994	1928	110	1	5	–	55
Haarlemmerstraat 208 / Duizenddraadsteeg 2	High street shop	1993	1928	72	–	1	–	40
Haarlemmerstraat 213	High street shop	1990	1928	546	1	–	–	92
Maarsmansteeg 2	High street shop	1989	1928	121	–	–	–	22
Lelystad								
De Promesse 113, 115, 121, 123, 129 and 135	High street shop	2009	2009	3,510	6	–	–	800
Stadhuisstraat 2 [1)]	High street shop	1995	1975	470	2	–	–	124
Stadhuisplein 75 [1)]	High street shop	1996	1985	1,632	1	–	–	252
Stationsweg 22 and 23 / De Promesse 3-5 and 111	Retail warehouse	2009	2009	3,825	2	–	–	410
Maastricht								
Muntstraat 16-18	High street shop	1989	1897	135	1	–	–	103
Muntstraat 20	High street shop	1987	1891	110	1	–	–	90
Wolfstraat 8 / Minckelersstraat 1	High street shop	1992	1883	789	2	–	–	321
Meppel								
Hoofdstraat 50	High street shop	1990	1980	143	1	–	–	39
Middelburg								
Korte Delft 1	High street shop	1991	1950	75	2	–	–	35
Lange Delft 59	High street shop	1991	1850	198	1	–	–	59
Middelharnis								
Westdijk 22-24	High street shop	1997	1990	325	1	–	–	66
Nijmegen								
Broerstraat 26 / Scheidemakershof 37	High street shop	1993	1960	161	1	3	–	105
Broerstraat 70 / Plein 1944 nr. 151	High street shop	1989	1951	1,033	1	–	–	320
Plein 1944 nr. 2	High street shop	1988	1957	164	1	7	–	59
Oosterhout								
Arendshof 48-52	Shopping centre	2000	1963	349	1	–	–	114
Arendstraat 9-11	High street shop	1994	1982	889	3	–	–	183
Arendstraat 13	High street shop	1994	1989	440	2	1	–	180
Oss								
Heschepad 49-51 / Molenstraat 21-25	High street shop	1986	1983	2,803	3	–	–	339
Purmerend								
Hoogstraat 19 / Zuidersteeg 16	High street shop	1993	1978	999	2	1	–	176
Kaasmarkt 7 / Westersteeg 1	High street shop	1994	1920	135	1	1	–	58
Renkum								
Dorpsstraat 21-23	High street shop	1997	1907	520	1	–	–	54
Ridderkerk								
St. Jorisplein 30	High street shop	1994	1970	478	3	–	–	106
Roermond								
Schoenmakersstraat 2	High street shop	1994	1900	140	1	–	–	80
Steenweg 1 / Schoenmakersstraat 6-18	High street shop	1986	1980	2,283	6	–	–	305
Roosendaal								
Nieuwe Markt 51	High street shop	1994	1960	200	1	–	–	54

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Rotterdam								
Keizerswaard 73	Shopping centre	1996	1992	280	1	–	–	77
Lijnbaan 35-43	High street shop	1987	1955	880	4	–	–	234
Shopping centre Zuidplein Hoog	Shopping centre	94/10	1972	1,315	7	–	–	653
Zwart Janstraat 4	High street shop	1988	1892	96	1	3	–	41
Zwart Janstraat 8	High street shop	1988	1892	120	1	2	–	44
Zwart Janstraat 24	High street shop	1988	1892	83	–	2	–	35
Zwart Janstraat 34	High street shop	1991	1887	92	1	1	–	32
Zwart Janstraat 36-38	High street shop	1994	1887	200	1	4	–	76
Zwart Janstraat 55-59	High street shop	1987	1950	272	4	4	–	104
Zwart Janstraat 58-60	High street shop	1992	1888	160	1	2	–	63
Zwart Janstraat 63	High street shop	1990	1893	70	1	1	–	25
Zwart Janstraat 71-73	High street shop	1994	1900	178	2	2	–	58
Zwart Janstraat 72	High street shop	1991	1888	95	–	2	–	33
Zwart Janstraat 84	High street shop	1994	1920	92	1	2	–	23
Schiedam								
Shopping centre Hof van Spaland 1)	Shopping centre	96/97	70/78	552	3	–	–	129
Sittard								
De Kemperkoul	Shopping centre	1993	1987	1,771	8	–	–	345
Sneek								
Oosterdijk 58	High street shop	1996	1940	75	1	–	–	40
Schaapmarktplein 4	High street shop	1994	1852	275	1	–	–	44
Spijkenisse								
Nieuwstraat 118-232	Shopping centre	2010	1981	2,832	19	–	–	923
Stadskanaal								
Navolaan 12	Retail warehouse	1993	1968	2,080	7	–	–	121
Steenwijk								
Oosterstraat 22-26	High street shop	1994	1900	285	1	1	–	61
The Hague								
Frederik Hendriklaan 101-103	High street shop	1989	1995	90	1	3	–	67
Frederik Hendriklaan 128 / v. Beuningenstraat 48	High street shop	1987	1990	125	1	2	–	59
Gravenstraat 1	High street shop	1993	1916	374	1	–	–	74
Hoogstraat 24-26	High street shop	1988	1923	319	1	–	–	72
Hoogstraat 27-27a	High street shop	1986	1916	530	1	–	–	109
Korte Poten 10	High street shop	1989	1916	56	1	–	–	30
Korte Poten 13	High street shop	1990	1916	120	–	–	–	71
Korte Poten 42	High street shop	1987	1900	55	1	2	–	51
Lange Poten 7	High street shop	1989	1937	112	1	–	–	34
Lange Poten 21	High street shop	1989	1916	204	1	2	–	124
Noordeinde 9 / Hartogstraat 1	High street shop	1988	1916	100	1	–	–	82
Noordeinde 16-18	High street shop	1989	1888	530	2	1	–	122
Noordeinde 48	High street shop	1988	1921	80	1	–	–	61
Noordeinde 54 / Molenstraat 1	High street shop	1989	1919	90	1	1	–	65
Plaats 17 and 21	High street shop	1990	1916	415	2	–	–	134
Plaats 25	High street shop	1987	1920	517	–	–	–	60
Plein 10	High street shop	1988	1920	507	1	–	–	120
Plein 11	High street shop	1987	1917	276	1	–	–	85
Spuistraat 13	High street shop	1988	1930	662	1	–	–	359
Venestraat 43	High street shop	1989	1916	115	1	–	–	42
Vlamingstraat 43	High street shop	1995	1916	163	1	–	–	91
Wagenstraat 3-5 / Weversplaats 1	High street shop	2012	2012	3,176	1	–	–	1,107

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Tiel								
Waterstraat 29 / Kerkstraat 2b	High street shop	1994	1850	70	1	1	–	46
Waterstraat 51a	High street shop	1994	1920	65	1	–	–	37
Tilburg								
Heuvel 29-31 / J.v. Stolbergstraat 2-6	High street shop	1994	1920	298	3	3	–	167
Shopping centre Westermarkt	Shopping centre	93/08	61/63	7,614	10	–	–	1,141
Uden								
Marktstraat 32	High street shop	1994	1958	420	1	1	–	115
Utrecht								
Achter Clarenburg 19	High street shop	1987	1975	91	1	–	–	49
Choorstraat 13	High street shop	1987	1900	139	1	1	–	63
Lange Elisabethstraat 6	High street shop	1987	1850	113	1	–	–	89
Lange Elisabethstraat 36	High street shop	1993	1850	188	1	–	–	135
Nachtegaalstraat 55	High street shop	1994	1904	2,116	2	2	–	302
Oudegracht 126-128	High street shop	1990	1930	209	2	1	–	69
Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14	High street shop	1987	1900	2,482	10	5	–	595
Oudegracht 153	High street shop	1997	1904	819	3	–	–	232
Oudegracht 161	High street shop	1997	1900	1,963	4	–	–	573
Shopping centre Overvecht 1)	Shopping centre	94/10	1970	5,374	16	–	–	1,633
Steenweg 9 / Choorstraat 9-9bis	High street shop	1990	1900	578	2	3	–	161
Vaassen								
Dorpsstraat 22	High street shop	1990	1981	550	–	–	–	39
Veenendaal								
Hoofdstraat 25	High street shop	1990	1930	260	1	–	–	70
Veghel								
Kalverstraat 8-16	High street shop	1993	1988	446	3	3	–	106
Venlo								
Lomstraat 30-32	High street shop	1993	1960	465	1	–	–	131
Lomstraat 33	High street shop	1994	1970	50	1	–	–	30
Venray								
Grotestraat 2-4 / Grote Markt 2a-4	High street shop	1986	1946	1,166	4	–	–	164
Vriezenveen								
Westeinde 21-29	High street shop	1993	1938	2,611	9	–	80	301
Wassenaar								
Langstraat 188-190	High street shop	1990	1981	290	1	–	–	72
Winschoten								
Langestraat 22 / Venne 109	High street shop	1994	1900	70	1	–	–	29
Langestraat 24	High street shop	1991	1960	430	1	–	–	64
Winterswijk								
Dingstraat 1-3	Retail warehouse	1998	1900	2,335	1	–	65	275
Misterstraat 8-10 / Torenstraat 5a and 5c	High street shop	1996	1900	441	1	2	2	150
Misterstraat 12 / Torenstraat 5b	High street shop	1991	1939	135	1	1	–	54
Misterstraat 14	High street shop	1991	1989	377	2	–	–	102
Misterstraat 33	High street shop	1999	1900	550	1	–	–	81
Weurden 2-4	High street shop	1998	1977	278	2	3	–	66
Wooldstraat 26	High street shop	1999	1900	603	2	–	–	88
Zaandam								
Gedempte Gracht 37 / Rozengracht 90	High street shop	1993	1888	235	2	–	–	77
Gedempte Gracht 80 / Vinkenstraat 41	High street shop	1993	1920	55	1	1	–	32
Zeist								
Slotlaan 194 / Huydecoperweg 9a	High street shop	1999	1981	90	1	1	–	43

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Zoetermeer								
Lijnbaan 285-297	Shopping centre	1994	1988	2,476	8	–	–	453
Zutphen								
Beukerstraat 28	High street shop	1989	1800	296	1	–	–	51
Beukerstraat 40	High street shop	1989	1838	335	1	–	–	44
Zwijndrecht								
Shopping centre Walburg	Shopping centre	2011	1975	14,174	30	–	–	2,911
Zwolle								
Broerenstraat 7	High street shop	1994	1930	66	1	–	–	16
Diezerstraat 62	High street shop	1996	1910	95	1	–	–	66
Diezerstraat 74 and 74a	High street shop	2012	1800	315	1	1	–	219
Diezerstraat 78	High street shop	1990	1832	140	1	–	–	69
Kleine A 11-13 / Broerenkerkplein 2 - 6	High street shop	1989	1989	1,050	1	3	–	209
Luttekestraat 26 / Ossenmarkt 1a	High street shop	1990	1930	78	1	1	–	34
Roggenstraat 6	High street shop	1987	1900	106	1	–	–	46
Total investment properties in operation the Netherlands				**241,098**	**659**	**233**	**1,183**	**51,210**
FRANCE								
Agen								
Boulevard de la République 36	High street shop	2001	1950	700	1	–	–	99
Alençon								
Rue de la Cave aux Boeufs 1-7 / Rue de Cygne 12	High street shop	2001	1950	2,368	2	–	–	255
Amiens								
Rue des Trois Cailloux 7-9	High street shop	2000	1950	560	1	–	–	302
Angers								
Rue d'Alsace 7	High street shop	2012	1950	114	1	–	–	14
Rue d'Alsace 9	High street shop	2001	1950	67	1	–	–	56
Rue Lenepveu 25-29	High street shop	1998	1990	4,664	5	–	–	1,026
Annecy								
Rue de Vaugelas 22	High street shop	2001	1950	60	1	–	–	18
Arras								
Rue Ernestale 31-35	High street shop	2006	1920	947	3	–	–	424
Augny								
Rue du Bois d'Orly 23	Retail warehouse	2008	2005	1,570	2	–	–	197
Rue du Bois d'Orly 32	Retail warehouse	2007	1990	2,116	1	–	–	167
Aulnoye-Aymeries								
Anatole France 45	High street shop	2007	1945	137	1	–	–	14
Rue Ampère 9	Other	2007	1950	–	–	1	–	3
Besançon								
Grande Rue 22 / Place Pasteur 3	High street shop	2001	1950	104	2	–	–	78
Bordeaux								
Allée de Tourny 50	High street shop	2011	1900	584	3	1	–	104
Cours de l'Intendance 12	High street shop	2011	1900	948	3	3	–	195
Cours de l'Intendance 47	High street shop	2011	1900	810	3	3	–	202
Cours de l'Intendance 61	High street shop	2012	1900	720	1	2	–	249
Cours Georges Clémenceau 12	High street shop	2011	1900	360	1	2	–	193
Rue de la Porte Dijeaux 73	High street shop	2012	1950	139	1	–	–	71
Rue Sainte Catherine 20	High street shop	2011	1900	591	1	14	–	212
Rue Sainte Catherine 27-31	High street shop	2011	1900	967	4	3	–	508

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
Rue Sainte Catherine 35-37	High street shop	2011	1900	343	1	–	–	232
Rue Sainte Catherine 39	High street shop	2011	1900	335	1	1	–	128
Rue Sainte Catherine 66	High street shop	2012	1950	158	1	–	–	130
Rue Sainte Catherine 131	High street shop	2012	1900	567	1	–	–	58
Boulogne sur Mer								
Rue Adolphe Thiers 29	High street shop	2001	1950	246	1	–	–	41
Bourges								
Rue de Mirebeau 14	High street shop	2001	1950	50	1	–	–	25
Rue de Mirebeau 16	High street shop	2001	1950	71	1	–	–	35
Brest								
Rue de Siam 70	High street shop	2000	1950	818	1	–	–	101
Cannes								
Rue d'Antibes 40	High street shop	2000	1950	948	1	–	–	351
Carcassonne								
Place Carnot 16	High street shop	2001	1950	90	1	–	–	23
Chambéry								
Place Saint-Léger 228	High street shop	2001	1950	40	1	–	–	56
Charleville-Mézières								
Rue de la République 35-37	High street shop	2001	1950	105	1	–	–	51
Chaumont								
Rue de la Victoire de la Marne 28-42	High street shop	2001	1950	1,370	3	–	–	186
Dax								
Rue des Carmes 7-9	High street shop	2001	1950	248	1	–	–	57
Dieppe								
Grande Rue 84-86	High street shop	2001	1950	100	1	–	–	58
Dijon								
Rue du Bourg 39 bis / Rue Jules Mercier 20 bis	High street shop	2001	1950	40	1	–	–	38
Douai								
Avenue Georges Clemenceau 21	High street shop	2007	1900	318	1	–	–	10
Dunkirk								
Centre Commercial Centre Marine 1)	Shopping centre	2005	2000	10,263	19	–	–	1,521
Ferrière-la-Grande								
Avenue Georges Clemenceau 1	Other	2007	1970	–	–	20	–	95
Frouard								
Rue du Bois 12	Retail warehouse	2006	1996	1,155	1	–	–	118
Grenoble								
Grande Rue 11	High street shop	2001	1950	73	1	–	–	23
Rue des Clercs 18	High street shop	2001	1950	75	1	–	–	25
La Garde								
ZAC Quatre Chemins de la Pauline	Retail warehouse	2007	2005	1,967	5	–	89	437
Laval								
Rue du Général de Gaulle 41 / Rue de Rennes 14	High street shop	2001	1950	450	1	–	–	58
Lille								
Avenue Lelièvre 364	Other	2007	1890	–	–	1	–	2
Boulevard de la Liberté 62	High street shop	2007	1945	79	1	–	–	19
Parc Notre Dame 6	Other	2007	1890	–	–	1	–	6
Place de Béthune 13	High street shop	2007	1950	155	1	–	–	127
Place de la Gare 8	High street shop	2007	1945	314	2	–	–	80
Place des Patiniers 1 bis	High street shop	2007	1900	112	1	–	–	50
Place des Patiniers 2	High street shop	2007	1945	132	1	–	–	75

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
Place des Reignaux 16	High street shop	2007	1950	290	1	–	–	32
Place du Lion d'Or 9	High street shop	2007	1870	150	1	–	–	16
Place Louise de Bettignies 15-17	High street shop	2007	1870	352	1	–	–	202
Rue Basse 8	High street shop	2007	1930	148	1	–	–	42
Rue de la Barre 8	High street shop	2007	1987	47	1	–	–	20
Rue de la Grande Chaussée 25	High street shop	2007	1870	200	1	–	–	169
Rue de la Grande Chaussée 29	High street shop	2007	1870	236	1	1	–	90
Rue de la Grande Chaussée 33-35	High street shop	2007	1870	429	1	–	–	229
Rue de la Monnaie 2 /								
Place Louise de Bettignies 11-14	High street shop	2007	1870	240	1	4	–	305
Rue de la Monnaie 4	High street shop	2007	1870	103	1	–	–	87
Rue de la Monnaie 6	High street shop	2007	1870	126	1	–	–	69
Rue de la Monnaie 6 bis	High street shop	2007	1870	83	1	–	–	50
Rue de la Monnaie 12	High street shop	2007	1870	168	1	–	–	44
Rue de la Monnaie 13	High street shop	2007	1870	85	1	–	–	83
Rue de Paris 20	High street shop	2007	1870	336	–	–	–	82
Rue de Paris 38	High street shop	2007	1870	100	1	–	–	59
Rue de Paris 42	High street shop	2007	1870	200	1	–	–	105
Rue des Chats Bossus 13	High street shop	2007	1870	418	1	–	–	165
Rue des Chats Bossus 21	High street shop	2007	1870	168	1	–	–	170
Rue des Ponts de Comines 30	High street shop	2007	1945	197	1	–	–	67
Rue des Ponts de Comines 31	High street shop	2007	1945	179	1	–	–	11
Rue des Ponts de Comines 32	High street shop	2007	1945	267	1	–	–	179
Rue Destailleurs 56	Other	2007	1890	–	–	1	–	1
Rue du Curé Saint-Etienne 6	High street shop	2007	1950	153	1	–	–	28
Rue du Curé Saint-Etienne 17	High street shop	2007	1870	172	1	–	–	82
Rue du Faisan 6	High street shop	2007	1950	105	1	–	–	19
Rue du Général de Wett 1	Other	2007	1960	–	–	2	–	12
Rue du Sec Arembault 24	High street shop	2007	1945	78	1	–	–	57
Rue Faidherbe 28-30	High street shop	2007	1945	102	1	–	–	79
Rue Faidherbe 32-34 /								
Rue des Ponts de Comines 19 bis	High street shop	2007	1945	676	1	4	–	456
Rue Faidherbe 38	High street shop	2007	1945	59	–	–	–	35
Rue Faidherbe 42	High street shop	2007	1945	86	1	–	–	5
Rue Faidherbe 44	High street shop	2007	1945	142	–	–	–	65
Rue Faidherbe 48	High street shop	2007	1945	135	1	–	–	87
Rue Faidherbe 50	High street shop	2007	1945	308	1	–	–	92
Rue Faidherbe 54	High street shop	2007	1945	176	–	–	–	53
Rue Gay-Lussac 17-19	Other	2007	1900	–	–	20	–	190
Rue Léon Gambetta 32	High street shop	2007	1945	88	–	–	–	21
Rue Léon Gambetta 163	High street shop	2007	1945	101	1	–	–	23
Rue Léon Gambetta 236	High street shop	2007	1950	115	1	–	–	38
Rue Léon Thiriez 98	Other	2007	1890	–	–	1	–	4
Square Dutilleul	Other	2007	2008	–	–	–	1	1
Limoges								
Centre Commercial Beaubreuil	Shopping centre	2001	1980	4,452	14	–	–	522
Centre Commercial Limoges Corgnac	Shopping centre	2007	2006	5,407	12	–	–	1,356
Lyon								
Rue Victor Hugo 5	High street shop	2001	1950	90	1	–	–	73
Mâcon								
Rue Carnot 111 / Rue Rameau 39	High street shop	2001	1950	160	1	–	–	87
Rue Philibert Laguiche 11-13 /								

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x €1,000)
Place aux Herbes 53-56	High street shop	2001	1950	1,148	1	–	–	85
Marseille								
Rue Saint Ferréol 29	High street shop	2006	1980	249	1	–	–	214
Nancy								
Rue Saint-Jean 44-45	High street shop	1998	1990	4,794	8	–	–	1,748
Nice								
Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	High street shop	2001	1950	362	1	–	–	201
Route de Grenoble 604	Retail warehouse	1999	1990	2,067	1	–	–	597
Paris								
Rue d'Alésia 123	High street shop	2006	1956	420	1	–	1	319
Rue de Rivoli 102	High street shop	2012	1900	1,092	3	–	–	1,314
Rue de Rivoli 118-120	High street shop	1998	1997	3,341	7	8	5	3,501
Rue Montmartre 17	High street shop	2006	2003	270	1	–	–	180
Roanne								
Rue Bourgneuf 18 / Passage Bourgneuf 7 / Rue Charles de Gaulle 51-53	High street shop	2001	1950	1,642	3	3	–	172
Roncq								
Avenue de l'Europe 20	Retail warehouse	2007	2000	2,700	1	–	–	172
Roubaix								
Grande Rue 21	High street shop	2007	1900	1,059	1	–	–	118
Grande Rue 56ter	High street shop	2007	1900	40	–	–	–	6
Place de la Liberté 2	High street shop	2007	1900	52	–	–	–	4
Saint-Étienne								
Rue Saint-Jean 27	High street shop	2001	1950	60	1	–	–	11
Soissons								
Rue Saint-Martin 57	High street shop	2001	1950	400	1	–	–	60
Thoiry								
Centre Commercial Val Thoiry	Shopping centre	1998	2000	14,825	61	–	–	5,800
Centre Commercial Val Thoiry 2	Retail warehouse	2009	2009	8,590	1	–	–	419
Thonon-les-bains								
Rue des Arts 16	High street shop	2001	1950	220	1	–	–	93
Toulon								
Rue Jean Jaurès 82 / Rue Racine 11	High street shop	2000	1950	1,609	2	–	–	169
Tourcoing								
Place de Charles et Albert Roussel 32-33	High street shop	2007	1950	126	1	9	–	60
Troyes								
Rue Emile Zola 113	High street shop	2006	2006	359	1	–	–	195
Rue Emile Zola 117	High street shop	2001	1950	360	1	–	–	176
Valence								
Avenue Victor Hugo 25 / Rue Pasteur 1-3	High street shop	2001	1950	200	1	–	–	64
Vichy								
Rue Georges Clemenceau 12 / Rue Ravy-Breton 2	High street shop	2001	1950	1,437	2	–	–	183
Total investment properties in operation France				**103,697**	**253**	**105**	**96**	**30,126**

Country City Location	Type of property	Year of acquisition	Year of construction / renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
BELGIUM[3)]								
Aalst								
Albrechtlaan 56 [1)]	Retail warehouse	2000	>1980	1,000	1	–	–	76
Brusselsesteenweg 41	Retail warehouse	2007	>1980	770	1	–	–	90
Nieuwstraat 10	High street shop	1998	<1950	151	1	–	–	75
Aartselaar								
Antwerpsesteenweg 13 / 4	Retail warehouse	2000	>1980	1,334	1	–	–	120
Ans								
Rue de Français 393	Retail warehouse	1999	>1980	3,980	8	–	–	406
Antwerp								
Abdijstraat 29	High street shop	1995	<1950	198	1	–	–	38
Abdijstraat 82-84	High street shop	1995	<1950	167	1	2	–	57
De Keyserlei 47	High street shop	2000	<1950	62	1	–	–	51
De Keyserlei 49	High street shop	2000	<1950	102	1	–	–	66
Frankrijklei 27	High street shop	1993	<1950	654	1	1	–	90
Groendalstraat 11	High street shop	2000	<1950	48	1	–	–	28
Huidevettersstraat 12	High street shop	1994	<1950	721	1	–	–	304
Korte Gasthuisstraat 27	High street shop	2000	<1950	145	1	–	–	128
Leysstraat 17	High street shop	2000	<1950	325	1	2	–	190
Leysstraat 28-30	High street shop	1997	<1950	1,705	2	5	–	866
Meir 99	High street shop	1996	<1950	583	1	–	–	478
Schuttershofstraat 24 / Kelderstraat 7	High street shop	2000	<1950	106	1	–	–	100
Schuttershofstraat 30	High street shop	2000	<1950	66	1	–	–	79
Schuttershofstraat 32 / Arme Duivelstraat 2	High street shop	2000	<1950	54	1	–	–	66
Balen								
Molsesteenweg 56	Retail warehouse	1999	>1980	1,871	2	–	–	115
Boechout								
Hovesesteenweg 123-127	Retail warehouse	2002	>1980	1,230	1	–	–	106
Borgloon								
Sittardstraat 10	Retail warehouse	1999	>1980	996	2	–	–	63
Bree								
Toleikstraat 30	Retail warehouse	1999	>1980	855	1	–	–	80
Bruges								
Maalsesteenweg 142	Retail warehouse	2007	>1980	600	1	–	–	72
Steenstraat 80	High street shop	1998	<1950	2,058	2	–	–	962
Brussels								
Elsensesteenweg 16	High street shop	1996	<1950	1,222	2	–	–	285
Elsensesteenweg 41-43	High street shop	1998	<1950	6,577	7	–	–	1,741
Louizalaan 7	High street shop	2000	<1950	245	1	–	–	398
Nieuwstraat 98	High street shop	2001	<1950	150	1	–	–	226
Chênée								
Rue de la Station 23	Retail warehouse	2002	50/80	2,933	3	–	–	261
Diest								
Hasseltsestraat 15	High street shop	1998	<1950	198	1	–	–	49
Dilsen								
Rijksweg 17 nr. 770	Retail warehouse	1999	>1980	992	–	–	–	60
Drogenbos								
Nieuwe Stallestraat 217	Retail warehouse	2007	>1980	530	1	–	–	92
Flémalle								
Rue de la Fabrique 6	Retail warehouse	2002	>1980	2,887	4	–	–	242

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Froyennes								
Rue des Roselières 6	Retail warehouse	2000	>1980	950	1	–	–	109
Genk								
Guillaume Lambertlaan 115	Retail warehouse	1999	>1980	3,109	6	–	–	237
Hasseltweg 74	Retail warehouse	2002	>1980	2,331	4	–	–	240
Ghent								
Veldstraat 81 / Zonnestraat 6-10	High street shop	1998	<1950	2,966	5	–	–	599
Volderstraat 15	High street shop	1993	<1950	279	1	–	–	164
Grivegnée								
Boulevard de Froidmont 29	Retail warehouse	2007	>1980	1,100	2	–	–	118
Rue Servais Malaise	Retail warehouse	2002	>1980	2,000	1	–	–	138
Hasselt								
Genkersteenweg 76	Retail warehouse	1999	>1980	996	2	–	–	102
Genkersteenweg 215-219	Retail warehouse	2007	>1980	1,745	2	–	–	189
Heusden-Zolder								
Inakker	Retail warehouse	2002	>1980	1,019	2	–	–	74
Hoboken								
Zeelandstraat 6-8	Retail warehouse	2002	>1980	2,490	2	–	–	241
Huy								
Rue Joseph Wauters 3 1)	Retail warehouse	2007	>1980	1,000	2	–	–	93
Jemappes								
Avenue Wilson 510	Retail warehouse	2007	>1980	900	2	–	–	86
Kampenhout								
Mechelsesteenweg 38-42	Retail warehouse	1999	>1980	3,322	3	–	–	227
Korbeek-Lo								
Tiensesteenweg 378 1)	Retail warehouse	2007	>1980	990	1	–	–	117
Kuurne								
Ringlaan 12	Retail warehouse	2007	>1980	1,336	1	–	–	72
La Louvière								
Avenue de la Wallonie 1	Retail warehouse	2007	>1980	1,620	2	–	–	128
Rue Albert 1er 84-86	High street shop	2000	<1950	198	1	–	–	74
Leopoldsburg								
Lidostraat 7	Retail warehouse	1999	>1980	1,850	1	–	–	136
Leuven								
Bondgenotenlaan 69-73	High street shop	2001	<1950	1,495	2	–	–	668
Liège								
Rue Pont d'Ile 35	High street shop	1998	<1950	80	1	–	–	83
Rue Pont d'Ile 45	High street shop	1998	<1950	55	1	–	–	76
Rue Pont d'Ile 49	High street shop	1998	<1950	375	1	–	–	234
Malmédy								
Avenue des Alliés 14b	Retail warehouse	1999	>1980	813	1	–	–	65
Mechelen								
Bruul 39-41	High street shop	2000	<1950	361	2	–	–	205
Bruul 42-44	High street shop	2001	<1950	2,948	1	–	–	717
Merksem								
Bredabaan 474-476	High street shop	1998	50/80	467	1	–	–	81
Moeskroen								
Petite Rue 18	High street shop	1998	<1950	235	1	–	–	49
Mons								
Grand Rue 19	High street shop	2000	<1950	185	1	–	–	85
Rue de la Chaussée 31-33	High street shop	1998	<1950	447	2	1	–	156

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Montignies-sur-Sambre								
Rue de la Persévérance 14	Retail warehouse	2007	>1980	750	1	–	–	69
Mortsel								
Statielei 71-73	High street shop	1998	50/80	430	2	–	–	151
Namur								
Place de l'Ange 42	High street shop	2011	50/80	2,331	12	–	25	762
Overpelt								
Burgemeester Laenenstraat 3	Retail warehouse	2002	>1980	877	2	–	–	91
Philippeville								
Rue de France	Retail warehouse	1999	>1980	3,689	6	–	–	355
Schaarbeek								
Leuvensesteenweg 610-640	Retail warehouse	1999	>1980	2,964	4	–	–	373
Schelle								
Provinciale Steenweg 453-455	Retail warehouse	99/02	>1980	2,962	7	–	–	236
Scherpenheuvel								
Mannenberg 26	Retail warehouse	1999	>1980	600	1	–	–	82
Sint-Job-in-'t-Goor								
Handelslei 10	Retail warehouse	2002	>1980	600	1	–	–	72
Sint-Niklaas								
Kapelstraat 101	Retail warehouse	2007	>1980	740	1	–	–	75
Sint-Pieters-Leeuw								
Bergensesteenweg 458	Retail warehouse	2007	>1980	750	1	–	–	83
Tielt-Winge								
Retailpark Gouden Kruispunt	Retail warehouse	99/02	>1980	18,861	22	–	–	1,909
Tienen								
Slachthuisstraat 36	Retail warehouse	2002	>1980	4,984	7	–	–	514
Tongres								
Shopping centre Julianus	Shopping centre	2008	>1980	8,459	18	–	–	832
Turnhout								
Gasthuisstraat 5-7	High street shop	2001	<1950	1,269	1	–	–	342
Gasthuisstraat 32	High street shop	1996	<1950	1,743	1	–	–	84
Vilvoorde								
Leuvensestraat 43	High street shop	1998	<1950	1,338	1	–	–	208
Luchthavenlaan 5	Retail warehouse	1999	>1980	6,345	3	–	–	576
Mechelsesteenweg 48	Retail warehouse	1999	>1980	7,936	11	1	–	772
Waterloo								
Chaussée de Bruxelles 284	Retail warehouse	1993	50/80	1,198	1	–	–	128
Wavre								
Boulevard de l'Europe 41	Retail warehouse	2007	>1980	860	1	–	–	145
Rue du Commerce 26	High street shop	1998	<1950	242	1	–	–	60
Rue du Pont du Christ 46 / Rue Barbier 15	High street shop	1998	<1950	319	2	–	–	130
Westerlo								
Hotelstraat 2A-B	Retail warehouse	2007	>1980	1,000	2	–	–	97
Wilrijk								
Boomsesteenweg 643-645	Retail warehouse	2000	50/80	1,463	2	–	–	177
Boomsesteenweg 666-672	Retail warehouse	2000	>1980	4,884	4	–	–	539
Total investment properties in operation Belgium				**150,771**	**226**	**12**	**25**	**22,485**

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
SPAIN								
Alicante								
Parque Vistahermosa	Retail warehouse	1999	2002	34,609	6	–	1,387	3,994
Badalona								
Centro Comercial Montigalá	Shopping centre	1998	1991	11,396	52	–	2,618	3,129
Burgos								
Centro Comercial El Mirador	Shopping centre	99/01	1997	9,832	40	–	1,500	2,136
Castellón de la Plana								
Calle Grecia 4	Retail warehouse	2001	2003	5,109	1	–	–	750
Leon								
Avenida Ordoño II 18	High street shop	2001	<1950	591	1	–	–	241
Madrid								
Calle de Fuencarral 23	High street shop	2006	<1950	256	1	–	–	324
Calle de Fuencarral 25	High street shop	2006	<1950	120	1	–	–	167
Calle Serrano 36	High street shop	1999	<1950	615	1	–	–	1,020
Calle Tetuân 19 / Calle Carmen 3	High street shop	2002	<1950	429	1	–	–	336
Centro Comercial Getafe III 1)	Shopping centre	2006	2006	20,328	46	–	1,446	3,117
Centro Comercial Las Rosas	Shopping centre	99/01	1998	8,254	88	–	1,800	3,923
Centro Comercial Madrid Sur	Shopping centre	2003	1998	23,405	60	–	2,500	4,723
Málaga								
Centro Comercial La Rosaleda	Shopping centre	1998	1993	15,336	67	–	3,200	4,961
Plaza de la Constitución 9	High street shop	2010	<1950	279	1	–	–	318
Murcia								
Centro Comercial Las Atalayas	Shopping centre	99/01	1993	10,342	39	–	2,222	2,623
Total investment properties in operation Spain				**140,901**	**405**	**–**	**16,673**	**31,762**
TURKEY								
Istanbul								
Bahariye Caddesi 58	High street shop	2009	1985	400	1	–	–	214
Bahariye Caddesi 66B	High street shop	2009	2005	195	1	–	–	157
Istasyon Caddesi 27	High street shop	2012	1983	2,000	1	–	–	974
Istiklal Caddesi 18	High street shop	2007	1980	1,170	1	–	–	548
Istiklal Caddesi 98	High street shop	2008	1920	530	1	–	–	340
Istiklal Caddesi 119	High street shop	2009	1950	495	3	–	–	451
Istiklal Caddesi 161	High street shop	2010	1980	3,010	1	–	–	2,280
Total investment properties in operation Turkey				**7,800**	**9**	**–**	**–**	**4,964**

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
PORTUGAL								
Barcelos								
Rua Porta Nova 41	High street shop	2002	<1950	128	1	–	–	30
Braga								
Avenida Central 78-80	High street shop	2002	<1950	471	1	–	–	123
Lisbon								
Rua Damião de Góis 41-44d	High street shop	2002	<1950	150	1	–	–	56
Rua do Carmo 100-102 / Rua do Ouro 287 and 291-295	High street shop	2002	<1950	1,139	5	–	–	415
Rua Morais Soares 93	High street shop	2002	<1950	257	1	–	–	76
Porto								
Praça Marquês Pombal 152	High street shop	2002	<1950	437	1	–	–	81
Praça Mouzinho de Alburquerque 119-124	High street shop	2002	<1950	148	1	–	–	50
Rua de Brito Capelo 160	High street shop	2002	<1950	164	1	–	–	55
Rua Santa Caterina 325-329	High street shop	2002	<1950	529	1	–	–	191
Total investment properties in operation Portugal				**3,423**	**13**	**–**	**–**	**1,077**
Total investment properties in operation				**647,690**	**1,565**	**350**	**17,977**	**141,624**

1 Land on long lease.
2 Vastned Retail holds a 50% interest.
3 All Belgian properties are held directly by Intervest Retail, in which Vastned Retail has a 65.5% interest at year-end 2012.

EXPLANATORY NOTES TO THE PROPERTY PORTFOLIO IN OPERATION

The theoretical rental income as at 31 December 2012 (including performance-linked rents, mall income and other rent) consists of the rental income assuming full occupancy.

- In the Netherlands, virtually all leases are concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rent increases are based on the cost-of-living index.
- In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rent increases are based on the cost-of-living index.
- In Spain, virtually all leases are concluded for a minimum period of five years. Annual rent increases are based on the cost-of-living index.
- In France, leases are normally concluded for a period of nine or twelve years, the tenant having the option of terminating or renewing the lease every three years. Annual rent increases are based on the rise in the cost-of-construction index or on a combination of the cost-of-construction index, the cost-of-living index and retail prices.
- In Turkey, leases are usually concluded for a 5-year period. The annual indexation is based on various methods: leases concluded in Turkish lira on the cost-of-living index, while leases concluded in euros or US dollars are indexed based on specific agreements.
- In Portugal there are two kinds of lease legislation. Under the 'old' legislation, leases are concluded for an indefinite period and in principle may only be terminated by the tenant. The rules that apply under the 'new' legislation are comparable to the Spanish rules, which means that leases are generally concluded for a minimum period of five years and that annual rent increases are based on the cost-of-living index. These rules are increasingly being applied, especially to internationally oriented tenants.

During times of economic uncertainty, the number of leases with deviating terms increases.

Appraisers

- CBRE in Brussels
- Crédit Foncier in Paris
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris
- De Crombrugghe & Partners in Brussels
- DTZ Pamir & Soyuer in Istanbul
- DTZ Zadelhoff in Amsterdam
- Jones Lang Lasalle in Lisbon and Madrid
- Retail Consulting Group in Paris

OTHER INVESTMENT PROPERTIES

Country / City / Location	Type of property	Year of acquisition	Lettable floor space (sqm)	Investment (x € 1 million)	Net initial yield
INVESTMENT PROPERTIES IN PIPELINE					
THE NETHERLANDS					
Houten					
Achterom 1-5 / Spoorhaag 130-134 [1]	Shopping centre	2007	2,575	2.2	–
FRANCE					
Arras					
Rue Ernestale 35 / rue de Collège [1]	Other	2006	–	0.6	–
TURKEY					
Istanbul					
Abdi İpekçi Caddesi 41	High street shop	2011	1,975	18.4	7.1%
Istiklal Caddesi 85	High street shop	2010	3,300	28.3	7.6%

1 Uncommitted

LIST OF ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
Bevak	(Belgian) investment company with fixed capital
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
Code	The Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GDP	Gross Domestic Product
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Dutch Association of institutional property investors
REIT	Real Estate Investment Trust
SIIC	Société d'Investissements Immobiliers Cotées
SOCIMI	Sociedades Anónimas Cotizades de Inversión en el Mercado Inmobiliario

DEFINITIONS

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Direct investment result
Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

EPRA Earnings
Recurring earnings from core operational activities. In practice this is reflected by the direct investment result.

EPRA NAV
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY)
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. Annualised rental income includes any CPI indexation and estimated turnover rents or other recurring operational income but does not include any provisions for doubtful debtors and letting and marketing fees.

EPRA 'topped-up' NIY
This yield is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Estimated Market Rental Value (ERV)
The rental value estimated by external valuers for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straight-lining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straight-lining of lease incentives.

Gross yield
Theoretical annual rent expressed as a percentage of the market value of the property.

Indirect investment result
Consists of the value movements and the net result on disposals of investment properties, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interest.

Lease incentive
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Market value
The estimated amount for which a particular investment property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net Asset Value (NAV)
Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

Net initial yield
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income
Gross rental income less ground rents paid, less net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and local taxes.

Net yield
Theoretical net rental income expressed as a percentage of the market value of the respective investment property.

Occupancy rate
100% less the vacancy rate.

Straight-lining
Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straight-lining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straight-lining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

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Mr. T.T.J. de Groot MRE MRICS, CEO
Mr. drs. T.M. de Witte RA, CFO
Vastned Management B.V.

VASTNED RETAIL SHARE

ISIN code: NL0000288918
Reuters: VASN.AS
Bloomberg:VASTN.NA


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