

2016 ANNUAL RESULTS

Direct result of Vastned slightly higher than expected due to continuous good results by premium city high street shops

HIGH LIGHTS 2016

- VASTNED ACQUIRED FOR € 75.9 MILLION AND DIVESTED FOR A TOTAL AMOUNT OF € 94.9 MILLION
- SHARE OF PREMIUM CITY HIGH STREET SHOPS INCREASED TO 74%
- PREMIUM CITY HIGH STREET SHOPS VIRTUALLY FULLY LET AT AN OCCUPANCY RATE OF 99.2%
- OCCUPANCY RATE OF TOTAL PORTFOLIO CONSISTENTLY HIGH AT 97.3%
- PREMIUM CITY HIGH STREET SHOPS SHOW A VALUE INCREASE OF € 13.4 MILLION DESPITE A VALUE ADJUSTMENT OF € 33.0 MILLION OF THE ISTANBUL PORTFOLIO DUE TO UNCERTAIN GEOPOLITICAL AND ECONOMIC SITUATION
- VALUE CHANGE OF TOTAL PORTFOLIO (EXCLUDING ACQUISITIONS AND DIVESTMENTS) € 4.7 MILLION NEGATIVE
- LIKE-FOR-LIKE GROSS RENT GROWTH OF PREMIUM CITY HIGH STREET SHOPS OF 0.5%
- LOAN-TO-VALUE AT YEAR-END 2016 OF 41.8% WITHIN THE DESIRED RANGE OF 40% - 45%
- DIRECT RESULT 2016 AT € 2.42 PER SHARE EXCEEDS PREVIOUSLY ANNOUNCED RANGE OF € 2.30 - € 2.40 PER SHARE
- MAINLY AS A RESULT OF A SMALLER SIZE OF THE PORTFOLIO ESTIMATED DIRECT RESULT FOR 2017 BETWEEN € 2.10 AND € 2.20 PER SHARE

Amsterdam, 15 February 2017 - Vastned, the listed European retail property company focusing on venues for premium shopping, realised a direct result of € 2.42 per share for 2016, which exceeds the previously announced guidance.

Taco de Groot, Vastned CEO: *'In 2016, we continued our strategy of improving the quality of our portfolio. Not only did we acquire a number of unique locations in the best high streets of Amsterdam, Madrid, Paris and Utrecht, expanding our clusters in these cities, we also succeeded in attracting new tenants including Scalpers, Repeat Cashmere, Birkenstock and Zadig&Voltaire. Furthermore, we made progress in divesting non-strategic assets, especially in the Dutch portfolio, which was a key focus point in 2016.*

We see that the market is continuously improving, consumer confidence is growing and consumer spending in Europe is rising. We expect especially retailers with shops in the best locations to profit from this. Furthermore, the results for 2016 once again confirm that especially the premium city high street shops generate steady and predictable results. With an occupancy rate close to 100%, a like-for-like gross rental growth of 0.5% and a value increase of € 13.4 million these assets performed very well again. This reinforces our conviction to continue focusing exclusively on the best retail assets in the popular high streets of the bigger European cities.

Given the uncertain geopolitical and economic situation in Turkey the value of the Istanbul portfolio declined strongly. We see that consumer spending is declining for quite some time now and tourists - a major source of income for the Turkish economy - avoid the country. Additionally the negative impact of the fall of the Turkish lira,

increases the rental costs for retailers relatively strong. This combined will make it less attractive for retailers to be present in Istanbul, putting market rents under pressure in the coming years.

We have also taken these developments into account in our forecast for the direct result of 2017. Additionally we sold more assets than we acquired during the last year, which will impact next year's rental income as will the ratio of acquisitions and divestments, and the timing of them. As a result, we anticipate a direct result between € 2.10 and € 2.20 per share for 2017.'

KEY PARAMETERS

Last year, the premium city high streets shops showed positive results on all key parameters. For example, the like-for-like gross rental income increased by 0.5%, the occupancy rate was close to 100% and the value increased by 1.2% or € 13.4 million.

Key parameters

(in %)	Premium city high street shops	High street shops	Non-high street shops	Total
Occupancy rate	99.2	94.5	93.8	97.3
Like-for-like rent growth	0.5	(4.5)	0.8	(0.5)
Value movement*	1.2	(3.5)	(5.1)	(0.3)
Value at year-end 2016 (€ millions)	1,200	236	179	1,615

* Excluding acquisitions and divestments

REVIEW OF THE PROPERTY PORTFOLIO

INTRODUCTION

In the course of 2016, Vastned again made good progress on the execution of its high street strategy focused on growing the premium city high street shop portfolio. Over the past year, Vastned increased the share of premium city high street shops from 68% to 74%. The premium city high street shop portfolio was valued at € 1.2 billion, and the total portfolio was valued at € 1.6 billion at the end of 2016.

Vastned sold non-strategic assets totalling € 94.9 million and acquired retail property on the best high streets in Amsterdam, Madrid, Paris and Utrecht for a total amount of € 75.9 million.

Sector distribution by country

(in € millions)	Netherlands	France	Belgium	Spain	Turkey	Total
Premium city high street shops	451	347	218	84	100	1,200
High street shops	145	34	54	3	-	236
Non high street shops	89	1	89	-	-	179
Total	685	382	361	87	100	1,615

OCCUPANCY RATE

Throughout the year, the premium city high street shops remained virtually fully let, the occupancy rate standing at 99.2% at year-end 2016. The average occupancy rate of the total portfolio in 2016 was 96.2%. At year-end 2016, the occupancy rate was 97.3% compared to 97.9% at year-end 2015.

In the fourth quarter of 2016 the occupancy rate of the Dutch high street and non-high street shops increased, which resulted in a rise of the occupancy rate of the total portfolio in the fourth quarter from 96.9% at 30 September 2016 to 97.3% as at 31 December 2016.

Development of occupancy rate in Q4 2016

(in %)	Netherlands		France		Belgium		Spain		Turkey		Total	
	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3
Premium city high street shops	99.0	99.1	98.9	98.4	99.2	99.2	100	100	99.6	99.5	99.2	99.1
High street shops	92.7	91.3	97.1	97.2	98.7	97.9	100	100	n.a.	n.a.	94.5	93.7
Non-high street shops	92.4	91.4	85.4	78.9	97.1	97.4	n.a.	n.a.	n.a.	n.a.	93.8	93.0
Total	95.8	95.2	97.9	97.1	98.5	98.4	100	100	99.6	99.5	97.3	96.9

Development of occupancy rate in 2016

(in %)	Netherlands		France		Belgium		Spain		Turkey		Total	
	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015
Premium city high street shops	99.0	99.7	98.9	99.5	99.2	100	100	100	99.6	99.5	99.2	99.7
High street shops	92.7	94.8	97.1	92.9	98.7	98.1	100	100	n.a.	n.a.	94.5	95.5
Non-high street shops	92.4	96.3	85.4	85.7	97.1	95.7	n.a.	n.a.	n.a.	n.a.	93.8	95.6
Total	95.8	97.3	97.9	97.7	98.5	98.3	100	100	99.6	99.5	97.3	97.9



Leidsestraat 5, Amsterdam

LEASING ACTIVITY

In 2016, Vastned concluded 102 leases for a total amount of € 10.0 million, equalling 11.2% of the theoretical gross rental income. In 2015, Vastned concluded 139 leases for a total of € 10.6 million. The gross rental income of the lease agreements for premium city high street shops increased by 17.4%, which equals € 0.8 million, compared to a € 0.7 million increase in 2015. The gross rental income of all the concluded lease agreements in 2016, decreased by € 0.1 million, compared to a € 0.4 million decrease in 2015.

In the fourth quarter of 2016 Vastned concluded 14 new leases totaling € 1.1 million, which included € 0.9 million for six leases for premium city high street shops.

	Volume in euros and as a percentage of gross theoretical rental income				Rent change				
	Q4		2016		€ thousand	Q4		2016	
	€ in mln	% of TGOI	€ in mln	% of TGOI		%	€ thousand	%	
Premium city high street shops	0.9	1.0	5.3	5.9	64.4	8.0	784.8	17.4	
High street shops	0.1	0.1	3.4	3.8	(44.1)	(27.7)	(604.1)	(15.2)	
Non-high street shops	0.1	0.1	1.4	1.5	(46.5)	(30.4)	(261.8)	(15.9)	
Total	1.1	1.2	10.0	11.2	(26.3)	(2.3)	(81.1)	(0.8)	

More and more online players recognise the added value of a physical shop on a top location. Of the leases concluded in the fourth quarter, two were with pure online players. We welcomed Birchbox, US-based cosmetics specialist, as a new tenant at rue Montmartre 17 in Paris. Vastned further leased Lange Elisabethstraat 6 in Utrecht to German retailer MyMuesli, where you can create your own organic muesli mix. Both online players decided to open a high street shop on a busy shopping street to increase their market share.

Vastned also leased Zonnestraat 10 in Gent to YAYA, which is part of Retail Concepts along with AS Adventure which leases the listed property next door. Zonnestraat 10 will be completely renovated, after which YAYA is expected to open for business in the second half of 2017.

Vastned concluded four leases each for high street and non-high street shops for € 0.2 million in total.



Lange Elisabethstraat 6, Utrecht

LEASE INCENTIVES

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged 2.4% in 2016, a modest decrease from 2015 (2.5%). The difference between the actual and the IRFS lease incentives can be explained by straightlining. In actual amounts the difference in lease incentives was € 0.2 million lower; year-end 2016: € 2.3 million compared to € 2.5 million at year-end 2015.

Lease incentives

As a % of gross rental income	2016		2015	
	actual	IFRS	actual	IFRS
Premium city high street shops	(2.2)	(2.5)	(2.2)	(2.7)
High street shops	(2.5)	(2.4)	(2.4)	(2.4)
Non-high street shops	(2.5)	(2.3)	(2.3)	(2.4)
Total	(2.3)	(2.4)	(2.3)	(2.5)

VALUE MOVEMENTS

The total value of the portfolio, excluding acquisitions and divestments, fell by 0.3% or € 4.7 million. The value of the premium city high street shops, excluding acquisitions and divestments, increased by € 13.4 million.

The premium city high street shops in all countries increased in value, except for the portfolio in Istanbul, Turkey. Given the uncertain geopolitical and economic situation in Turkey the value of the Istanbul portfolio declined with € 33.0 million. Consumer spending is declining for quite some time now and tourists - a major source of income for the Turkish economy - avoid the country. Additionally the negative impact of the fall of the Turkish lira will increase the rental costs relatively strong, putting market rents under pressure in the coming years.

Due to the € 46.4 million value increase of the premium city high street shops in the other countries, the value of the total premium city high street shop portfolio excluding acquisitions and divestments rose by 1.2% or € 13.4 million.

The biggest value increases in absolute numbers were realised in the Netherlands and France, where the value of the premium city high street shops (excluding acquisitions and divestments) increased by € 15.5 million and € 21.4 million respectively. The highest relative rise occurred in France (7.2%) and Spain (6.5%).

In spite of the divestments of recent years, Vastned's biggest high street shop portfolio is in the Netherlands. Obviously the polarisation between popular and less popular high streets is also felt most clearly.

Value movements*

in € millions	Premium city high street shops	High street shops	Non-high street shops	Total
Netherlands	15.5	(8.5)	(7.4)	(0.4)
France	21.4	(0.2)	(3.5)	17.7
Belgium	6.0	(0.2)	1.4	7.2
Spain	3.5	0.3	n.a.	3.8
Turkey	(33.0)	n.a.	n.a.	(33.0)
<i>Total</i>	13.4	(8.6)	(9.5)	(4.7)
in %	1.2	(3.5)	(5.1)	(0.3)

*Excluding acquisitions and divestments

ACQUISITIONS

In 2016, Vastned expanded its clusters of premium city high street shops on the popular high streets of Amsterdam, Madrid, Paris and Utrecht for a total amount of € 75.9 million including acquisition costs.

Amsterdam

In Amsterdam Vastned acquired Leidsestraat 2 for € 5.6 million including acquisition costs. Leidsestraat 2 is a corner property of over 450 square metres in the most prestigious part of Leidsestraat. Amsterdam Cheese Company leases the basement, the ground floor and the first and second floor. The upper floors are currently leased as office space and a residential apartment.

Madrid

In Madrid Vastned expanded its premium city high street shop portfolio with Calle de Fuencarral 37 and Calle José y Gasset 15, which are leased to Décimas and Jimmy Choo respectively. Calle de Fuencarral was acquired for € 9.9 million including acquisition costs and Calle José y Gasset 15 for € 16.6 million including acquisition costs.

Paris

Over the past eighteen months, Vastned acquired five premium city high street shops in the historic Paris quarter of Le Marais, which is popular with both tourists and Parisians. In 2016, Vastned acquired rue des Archives 21 in Le Marais for € 8.0 million including acquisition costs. This premium city high street shop of almost 160 square metres divided over the ground floor and the basement is leased to fashion brand Sandro Men. It is located on the best part of one of the most popular high-end and luxury shopping streets in Le Marais, along with Gucci, Moncler and The Kooples, unique boutiques but also trendy bars and restaurants. Later on that year, Vastned bought rue Vieille du Temple 26 for € 7.6 million including acquisition costs. This corner property of approximately 200 square metres is leased to the well-known international fashion retailer UGG.

Vastned also acquired rue de Rennes 146 in Le Marais for € 12.4 million including acquisition costs. This premium city high street shop measuring 200 square metres is leased to Oysho, part of the Inditex retail group best known for ZARA.

Rue de Rennes is one of the main shopping streets on the left riverbank of the Seine (Rive Gauche) with anchors including ZARA, H&M and Uniqlo. Recently, the area around



Rue Vieille du Temple 26, Paris

rue de Rennes was officially designated as a tourist area, permitting retail stores to open on Sundays, which will further raise the popularity of the area.

Utrecht

Early in the year, Vredenburg 9 in Utrecht was acquired for € 15.8 million including acquisition costs. This unique property that has a façade of over twenty metres wide, is located in the very heart of Utrecht on the Vredenburg square, diagonally across from Zara's flagship store, Starbucks and the new entrance to the busiest railway station of the Netherlands, Hoog Catharijne. Teenage fashion brand CoolCat leases over 830 square metres in total across three floors. Shoe retailer Sacha leases the basement of approximately 400 square meters that has an entrance on the ground floor. Four apartments have been created on the third floor.

Divestments

Divestments totalled € 94.9 million in 2016. Most of the divestments of non-strategic assets were made in the Netherlands, where a large number of high street and non-high street shops in smaller and medium-sized cities were sold for € 71.2 million in total. In the other countries the share of high street and non-high street shops had already been sharply reduced over the past few years. Furthermore, the entire high street shop portfolio in Portugal was sold for € 11.2 million by means of a share transaction and in Castellón de la Plana in Spain a retail warehouse was sold for € 7.5 million. Vastned also divested a high street shop in Turnhout in Belgium for € 5.0 million. On average, the assets were sold 4.5% below book value.

REVIEW OF THE 2016 FINANCIAL RESULTS

2016 Result attributable to Vastned Retail shareholders

The result comprising of the direct and the indirect result, was € 24.6 million positive in 2016 (2015: € 65.5 million positive). The main factor in this decrease was the fall of the indirect result from € 16.3 million positive in 2015 to € 19.7 million negative in 2016. This was mainly caused by negative value movements and a negative result on divestments. The direct result fell by € 49.2 million in 2015 to € 46.1 million in 2016 due to lower net rental income and because Vastned enjoyed non-recurring income in 2015.

Result before taxes (in € million)	2016	2015
Direct resultaat	46.1	49.2
Indirect resultaat	(19.7)	16.3
Result attributable to shareholders Vastned Retail	26.4	65.5
Result attributable to non-controlling interests	7.1	5.3
Result after taxes	33.5	70.8

Direct result

The direct result fell from € 49.2 million in 2015 to € 46.1 million in 2016 due to lower net rental income as a result of the quality improvement of the portfolio, whereby Vastned sells high-yielding riskier property and acquires lower-yielding but also less risky property. Net rental income fell from € 82.9 million in 2015 to € 79.1 million in 2016. While the net rental income increased by € 3.9 million due to acquisitions made in 2015 and 2016; it fell by € 6.7 million as a result of divestments in 2015 and 2016. The negative like-for-like net rent growth of mainly the Dutch high street shops caused a further € 1.0 million decrease. The net financing costs fell by € 0.6 million, which contributed positively to the direct result.

In addition, Vastned benefited from one-off gains in 2015 that raised the direct result by € 0.9 million, which was absent in 2016.

Indirect result

The indirect result in 2016 was € 19.7 million negative, against € 16.3 million positive in 2015. This decrease was caused predominantly by the value decrease of the Turkish property portfolio due to the uncertain geopolitical situation and the deteriorated economic climate in Turkey.

In 2016, the value of the total property portfolio fell by € 15.1 million. This decrease was composed of a value decline of the portfolio excluding acquisitions and divestments of € 4.7 million and negative value movements of € 10.4 million due to acquisition costs and negative value movements of divested assets.

Vastned's 2016 net result on disposal of property was € 4.5 million negative after deduction of sales costs.

The fall of the market interest rate resulted in a € 0.8 million value decrease of the interest rate derivatives.

Due to higher positive value movements in the Belgian property portfolio the indirect result attributable to non-controlling interests was € 2.8 million negative (2015: € 0.9 million negative).

Development net rental income (in € million)

PREMIUM CITY HIGH STREET SHOPS	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2015	17.6	12.8	8.7	2.2	8.1	49.4
Acquisitions	2.5	0.9	0.6	0.1	-	4.1
Taken into operation	-	0.1	-	-	-	0.1
Divestments	(0.2)	(0.5)	-	-	-	(0.7)
Like-for-like rental growth	(0.1)	0.1	0.1	-	0.1	0.2
Gross rental income 2016	19.8	13.4	9.4	2.3	8.2	53.1
Operating costs ¹⁾	(2.3)	(1.1)	(0.6)	(0.2)	(0.5)	(4.7)
Net rental income 2016	17.5	12.3	8.8	2.1	7.7	48.4
Net rental income 2015	15.7	11.7	8.2	2.0	7.6	45.2
Operating costs in % from gross rental income:						
- in 2016	11.7	8.2	6.6	7.5	5.6	8.8
- in 2015	11.2	8.3	5.6	7.6	6.1	8.5

HIGH STREET SHOPS	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2015	14.5	2.2	3.6	1.3	-	21.6
Acquisitions	-	-	-	-	-	-
Taken into operation	-	-	-	-	-	-
Divestments	(1.4)	(0.3)	(0.3)	(0.2)	-	(2.2)
Like-for-like rental growth	(1.1)	0.1	0.1	-	-	(0.9)
Gross rental income 2016	12.0	2.0	3.4	1.1	-	18.5
Operating costs ¹⁾	(2.5)	(0.2)	(0.3)	(0.1)	-	(3.1)
Net rental income 2016	9.5	1.8	3.1	1.0	-	15.4
Net rental income 2015	11.8	2.1	3.2	1.2	-	18.3
Operating costs in % from gross rental income:						
- in 2016	20.7	9.7	9.7	10.0	-	16.9
- in 2015	18.2	7.4	10.6	6.5	-	15.1

NON-HIGH STREET SHOPS

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2015	12.9	1.0	7.6	0.7	-	22.2
Acquisitions	-	-	-	-	-	-
Taken into operation	-	-	-	-	-	-
Divestments	(2.1)	-	(1.8)	(0.6)	-	(4.5)
Like-for-like rental growth	(0.1)	-	0.3	-	-	0.2
Gross rental income 2016	10.7	1.0	6.1	0.1	-	17.9
Operating costs ¹⁾	(1.6)	(0.4)	(0.6)	-	-	(2.6)
Net rental income 2016	9.1	0.6	5.5	0.1	-	15.3
Net rental income 2015	11.1	0.7	6.9	0.7	-	19.4
Operating costs in % from gross rental income:						
- in 2016	14.6	40.6	9.9	-	-	14.6
- in 2015	14.0	33.9	8.3	4.4	-	12.7

TOTAL

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2015	45.0	16.0	19.9	4.2	8.1	93.2
Acquisitions	2.5	0.9	0.6	0.1	-	4.1
Taken into operation	-	0.1	-	-	-	0.1
Divestments	(3.7)	(0.8)	(2.1)	(0.8)	-	(7.4)
Like-for-like rental growth	(1.3)	0.2	0.5	-	0.1	(0.5)
Gross rental income 2016	42.5	16.4	18.9	3.5	8.2	89.5
Operating costs ¹⁾	(6.4)	(1.7)	(1.5)	(0.3)	(0.5)	(10.4)
Net rental income 2016	36.1	14.7	17.4	3.2	7.7	79.1
Net rental income 2015	38.6	14.5	18.3	3.9	7.6	82.9
Operating costs in % from gross rental income:						
- in 2016	15.0	10.4	8.2	9.1	5.6	11.6
- in 2015	14.2	9.9	7.5	6.7	6.1	11.0

1) Including ground rents paid and net service charge expenses

Net rental income from property

Gross rental income

The gross rental income was € 89.5 million compared to € 93.2 million in 2015. The table on page 7 and 8 presents a breakdown by country.

-Acquisitions and investment properties taken into operation (€ 4.2 million increase)

Due to acquisitions in the Netherlands, Belgium and France, Vastned increased its gross rental income by € 4.1 million compared to 2015.

Of the increase, € 2.5 million concerned additional gross rental income from acquisitions in the Netherlands in 2015 and 2016. The gross rental income in Belgium increased by € 0.6 million due to the premium city high street shops that Vastned acquired in 2015.

In France the premium city high street shops acquired in Paris in 2015 and 2016 contributed € 0.9 million to the growth of the gross rental income in 2016. The taking into operation of two renovated premium city high street shops in Lille caused the gross rental income to rise by € 0.1 million.

In addition, the two acquisitions in Madrid that Vastned made in the fourth quarter of 2016 resulted in a € 0.1 million increase of the gross rental income in Spain.

-Divestments (€ 7.4 million decrease)

In line with the premium city high street strategy, Vastned sold property in 2015 and 2016 for € 86.4 million and € 94.9 million respectively. This caused a € 7.4 million reduction of the gross rental income compared to 2015.

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

The like-for-like rent growth of the gross rental income was € 0.5 million negative.

As the table on page 7 and 8 shows, the like-for-like growth for premium city high street shops was € 0.2 million positive. However, the like-for-like gross rental income growth was negated by the negative gross rental income growth in the Dutch property portfolio in particular due to lower rental income on re-letting in the high street shop segment.

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

Total operating expenses increased marginally from € 10.3 million in 2015 to € 10.4 million in 2016. The operating expenses equalled 11.6% of the gross rental income (2015: 11.0%). The premium city high street shops had lower operating expenses (8.8%) than the high street shops (16.9%) and non-high street shops (14.6%).

Value movements in property

The value movements, taking acquisition costs into account, were € 15.1 million negative in 2016 (2015: € 26.0 million positive). The value movements were composed of a value increase of the premium city high street shops of € 9.5 million, while the high street shops and the non-high street shops fell in value by respectively € 9.4 million negative and € 15.2 million negative.

The French, Belgian and Spanish property portfolios showed value increases of € 15.1 million, € 7.2 million and € 3.6 million respectively.

The Turkish and Dutch property portfolios showed value decreases of € 33.0 million and € 8.0 million respectively. In Turkey the decline was caused by the uncertain geopolitical situation and the deteriorated economic climate. The value movements in the Dutch portfolio were composed of a value increase of the premium city high street shops of € 14.9 million, while the high street shops and the non-high street shops decreased in value by € 22.9 million negative in total.

Net result on disposal of property

In 2016, Vastned sold property for a total amount of € 94.9 million; the Dutch divestments accounted for € 71.2 million. In Spain and Portugal € 18.7 million in non-strategic assets were sold and € 5.0 million in Belgium.

The net result on disposal of property in 2016 were € 4.5 million negative after deduction of sales costs, of which € 4.1 million negative concerned divestments in the Netherlands.

Expenditure

Net financing costs

The net financing costs including value movements of financial derivatives decreased from € 26.7 million in 2015 to € 20.3 million in 2016. The development of the net financing costs is presented in the table below.

The net financing costs increased due to on average higher interest-bearing debts arising from acquisitions. However, by making use of the favourable financing climate, Vastned realised a 15 basis point reduction of the average interest rate on the interest-bearing loan capital, from 2.82% in 2015 to 2.67% in 2016.

As a result of lower market interest rates, the value movements of the interest rate derivatives were € 0.8 million negative (2015: € 1.6 million negative).

Development of net financing costs

(x € million)

Net financing costs 2015	26.7
Increase due to net acquisitions	0.1
Decrease on balance due to lower average interest rate and changes in fixed/floating and working capital	(1.1)
Less non-recurring interest compensations	0.3
Value movements financial derivatives	(0.8)
Reclassification of unrealised results on financial derivatives from equity	(4.9)
Net financing costs 2016	<u>20.3</u>

In addition, the net financing costs fell by € 4.9 million compared to 2015 due to the fact that in 2015 Vastned unwound a number of interest rate derivatives, whereby the negative value of these derivatives at the time of unwinding was transferred from equity to the income statement. This transfer did not affect the net asset value.

General expenses

The general expenses in 2016 came to € 8.5 million, virtually unchanged from 2015.

Total income tax

- Current income tax expense

Income tax due on the reporting period was € 1.3 million in 2016 (2015: € 1.2 million). For the regular taxed entities in Turkey, the Netherlands, Belgium, Spain and Portugal the income tax totalled € 1.3 million (2015: € 1.2 million). The € 0.1 million increase was caused by a higher tax expense in Spain and the release of a provision for an additional tax assessment in France in 2015 and partly compensated by a lower tax expense in Turkey.

- Movement deferred tax assets and liabilities

The movement of deferred tax assets and liabilities in 2016 was € 4.2 million positive in 2016 (2015: € 4.4 million negative). The lower deferred tax assets and liabilities in 2016 were predominantly due to the value decrease of the Turkish property portfolio and the divestment of the Portuguese property portfolio, whereby a considerable part of the liability was released. This was partly compensated by a value increase in the Spanish property portfolio.

FINANCING STRUCTURE

Financing is a one of the cornerstones of Vastned's strategy. Vastned aims for a conservative financing structure, with a loan-to-value ratio of between 40% and 45%, diversification of financing sources e.g. by placing long-term bond loans with institutional investors (such as 'private placements').

In 2016, Vastned renegotiated its existing syndicated credit facility, whereby the available facility was raised by € 75 million to € 375 million and the duration was extended by two years until February 2022. In 2016 Vastned also renegotiated its existing unsecured € 75 million loan from AXA Real Estate Investment Managers, whereby the duration was extended by three years to September 2024 and the coupon was converted from a variable interest rate to a fixed interest rate.

As at 31 December 2016, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 41.8% (year-end 2015: 41.6%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 56.1% (year-end 2015: 56.0%).

With a solvency of 56.1% and an interest coverage ratio of 4.0, Vastned complies with all the bank covenants. All financing contracts stipulate a 45% minimum solvency rate and in general require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for the provision of security.

Loan portfolio at year-end 2016

(in € million)

	Fixed interest ¹⁾	Floating interest	Total	% of total
Long-term liabilities	463.9	137.7	601.6	89.3
Short-term liabilities	67.5	4.7	72.2	10.7
	531.4	142.4	673.8	100.0
% of total	78.9	21.1	100.0	

1) Taking account of interest rate derivatives

DIVIDEND 2016

At the Annual General Meeting of shareholders of 20 April 2017, Vastned will propose to declare a dividend for the 2016 financial year of € 2.05 per share, or 85% of the direct result. This is equal to the 2015 dividend pay-out and in line with the dividend policy to distribute a dividend of at least 75% of the direct result. Taking into account the interim dividend of € 0.73 per share distributed in August 2016, the final dividend will be € 1.32 per share. The final dividend will be made payable on 9 May 2017.

ORGANISATION

In addition to the quality improvements we have made in the portfolio and financing, changes were also made to the organisation. Vastned Retail Belgium got dedicated management with Taco de Groot and Rudi Taelmans as co-CEOs and Reinier Walta as CFO. As part of this process the team moved to a different location in Antwerp and a number of new people were hired in Belgium. Additionally the Dutch office moved from Rotterdam to Amsterdam.

OUTLOOK 2017

Retail market

With consumer confidence picking up and consumer spending increasing, the outlook for the European retail market seems to be improving. However, this is not a fact, given the permanently changed consumer spending behaviour. Fixed costs for subscriptions such as mobile phones, tv, Internet and online apps become increasingly part of the fixed costs of living. Additionally, we see a trend towards going out for a coffee, lunch and dinner in cafés and restaurants more often. For retailers, innovative technological developments, personnel, service and fit-out, the location play a crucial role.

Vastned portfolio

The target of 75% of the portfolio being premium city high street shops is within reach. That is why Vastned is working on a strategy update. The above-mentioned developments encourage Vastned to continue to focus only on the best retail assets in the popular high streets of bigger European cities. Within the existing portfolio, value creation by means of renovations and refurbishments of retail property has a high priority, e.g. by creating additional retail surface area or residential space above shops.

Regarding the Istanbul portfolio, Vastned maintains its previously announced position that it will not further expand this portfolio and that all other options are being investigated.

Direct result 2017

In 2017 Vastned will continue keeping the focus on growing the share of premium city high street shops. The timing, ratio and size of acquisitions and divestments in 2017 will have a large impact on the direct result. This, in combination with the lower rental income as a result of the net-divestments in 2016 and the uncertain geopolitical and economic situation in Turkey resulted in an estimated direct result of between € 2.10 and € 2.20 per share for 2017.

FINANCIAL CALENDAR 2017

Date	Time	Subject
9 March 2017	before trading	Publication 2016 annual report
20 April 2017	3.00 pm	Annual General Meeting
24 April 2017		2016 Ex-dividend date
25 April 2017		2016 Record date
9 May 2017		2016 Dividend payment date
10 May 2017	before trading	Publication Q1 2017 trading update
2 August 2017	before trading	Publication 2017 half-year results
4 August 2017		2017 Ex-interim-dividend date
7 August 2017		2017 Record date interim-dividend
21 August 2017		2017 Payment date interim-dividend
1 November 2017	before trading	Publication Q3 2017 trading update

About Vastned

Vastned is a listed European retail property company focusing on venues for premium shopping. Vastned invests in selected cities in Europe and in Istanbul, with a clear focus on the best retail property in the most popular shopping streets in the bigger cities. Vastned's tenants are strong and leading international and national retail brands. The property portfolio has a size of approximately € 1.6 billion.

Further information

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KEY FIGURES

Results (x € 1,000)

	31 December 2016	31 December 2015
Gross rental income	89,469	93,174
Direct result	46,115	49,189
Indirect result	(19,684)	16,282
<i>Result</i>	26,431	65,471

Balance (x € 1,000)

Properties	1,614,793	1,647,900
Equity	891,497	901,013
Equity Vastned Retail shareholders	804,437	816,640
Long-term liabilities	636,921	692,130
Solvency based on banks' definition (in %)	56.1	56.0
Loan-to-value (in %)	41.8	41.6
Interest coverage ratio	4.0	4.1
Financial occupancy rate total portfolio (in %)	96.2	96.5
Premium city high street shops (in %)	98.4	98.6
High street shops (in %)	92.1	93.4
Non-high street shops (in %)	94.4	95.2
Average number of ordinary shares in issue	19,036,646	19,036,646
Number of ordinary shares in issue (end of period)	19,036,646	19,036,646

Per share (x € 1)

Equity Vastned Retail shareholders at beginning of year (including final dividend)	42.90	41.09
Final dividend previous financial year	(1.31)	(1.27)
<i>Equity Vastned Retail shareholders at beginning of period (ex. final dividend)</i>	41.59	39.82
Direct result	2.42	2.58
Indirect result	(1.03)	0.86
<i>Result</i>	1.39	3.44
Remeasurement of defined benefit pension obligation	0.02	0.04
Value movements financial derivatives directly recognised in equity, after tax	-	0.09
Reclassification of unrealised results of financial derivatives to profit-and loss account, after tax	0.01	0.25
Interim dividend	(0.73)	(0.74)
<i>Equity Vastned Retail shareholders at end of period (incl. final dividend)</i>	42.26	42.90

Share price (end of period)

36.86 42.35

Premium/(Discount) (in %)

(12.8) (1.3)

EPRA BEST PRACTICE INDICATORS

	<u>2016</u>	<u>(x € 1,000.-)</u> <u>2015</u>	<u>2016</u>	<u>(per share x €)</u> <u>2015</u>
EPRA Earnings	46,115	49,189	2.42	2.58
EPRA NAV	829,147	845,355	43.56	44.41
EPRA NNNAV	793,476	805,347	41.68	42.31
EPRA Net Initial Yield (NIY)	4.4%	4.8%		
EPRA 'topped-up' NIY	4.6%	4.8%		
EPRA Vacancy Rate	2.7%	2.2%		
EPRA Cost Ratio (including direct vacancy costs)	21.0%	20.0%		
EPRA Cost Ratio (excluding direct vacancy costs)	19.9%	19.3%		

DIRECT AND INDIRECT RESULT (x € 1,000)

Direct result

	FY 2016	FY 2015	HY2 2016	HY1 2016
Gross rental income	89,469	93,174	43,919	45,550
Ground rents paid	(154)	(149)	(76)	(78)
Net service charge expenses	(611)	(388)	(307)	(304)
Operating expenses	(9,649)	(9,717)	(3,951)	(5,698)
<i>Net rental income</i>	79,055	82,920	39,585	39,470
Financial income	305	826	273	32
Financial expenses	(19,123)	(20,258)	(9,556)	(9,567)
<i>Net financing costs</i>	(18,818)	(19,432)	(9,283)	(9,535)
General costs	(8,513)	(8,523)	(4,362)	(4,151)
<i>Direct result before taxes</i>	51,724	54,965	25,940	25,784
Current income tax expense	(1,293)	(1,227)	(603)	(690)
Movement in deferred tax assets and liabilities	2	(141)	7	(5)
<i>Direct result after taxes</i>	50,433	53,597	25,344	25,089
Direct result attributable to non-controlling interests	(4,318)	(4,408)	(2,249)	(2,069)
<i>Direct result attributable to Vastned Retail shareholders</i>	46,115	49,189	23,095	23,020

Indirect result

Value movements properties in operation	(13,956)	25,430	(8,459)	(5,497)
Value movements properties under renovation	(1,163)	608	-	(1,163)
Value movements properties in pipeline	-	(6)	-	-
<i>Total value movements properties</i>	(15,119)	26,032	(8,459)	(6,660)
Net result on disposal of property	(4,503)	2,704	(5,217)	714
Financial costs	(819)	(817)	(412)	(407)
Value movements financial derivatives	(824)	(1,647)	2,409	(3,233)
Transfer of unrealised results on financial derivatives from equity	117	(4,812)	59	58
<i>Indirect result before taxes</i>	(21,148)	21,460	(11,620)	(9,528)
Movement in deferred tax assets and liabilities	4,232	(4,303)	4,552	(320)
<i>Indirect result after taxes</i>	(16,916)	17,157	(7,068)	(9,848)
Indirect result attributable to non-controlling interests	(2,768)	(875)	(2,150)	(618)
<i>Indirect result attributable to Vastned Retail shareholders</i>	(19,684)	16,282	(9,218)	(10,466)
<i>Result attributable to Vastned Retail shareholders</i>	26,431	65,471	13,877	12,554

Per share (x €)

Direct result attributable to Vastned Retail shareholders	2.42	2.58	1.21	1.21
Indirect result attributable to Vastned Retail shareholders	(1.03)	0.86	(0.48)	(0.55)
Result attributable to Vastned Retail shareholders	1.39	3.44	0.73	0.66

CONSOLIDATED PROFIT AND LOSS ACCOUNT (x € 1,000)

	FY 2016	FY 2015	HY2 2016	HY1 2016
Net income from properties				
Gross rental income	89.469	93.174	43.919	45.550
Ground rents paid	(154)	(149)	(76)	(78)
Net service charge expenses	(611)	(388)	(307)	(304)
Operating expenses	(9.649)	(9.717)	(3.951)	(5.698)
<i>Net rental income</i>	<u>79.055</u>	<u>82.920</u>	<u>39.585</u>	<u>39.470</u>
Value movements properties in operation	(13.956)	25.430	(8.459)	(5.497)
Value movements properties under renovation	(1.163)	608	-	(1.163)
Value movements properties in pipeline	-	(6)	-	-
<i>Total value movements properties</i>	<u>(15.119)</u>	<u>26.032</u>	<u>(8.459)</u>	<u>(6.660)</u>
Net result on disposal of property	(4.503)	2.704	(5.217)	714
<i>Total net income from properties</i>	<u>59.433</u>	<u>111.656</u>	<u>25.909</u>	<u>33.524</u>
Expenditure				
Financial income	305	826	273	32
Financial expenses	(19.942)	(21.075)	(9.968)	(9.974)
Value movements financial derivatives	(824)	(1.647)	2.409	(3.233)
Reclassification of unrealised results on financial derivatives from equity	117	(4.812)	59	58
<i>Net financing costs</i>	<u>(20.344)</u>	<u>(26.708)</u>	<u>(7.227)</u>	<u>(13.117)</u>
General expenses	(8.513)	(8.523)	(4.362)	(4.151)
<i>Total expenditure</i>	<u>(28.857)</u>	<u>(35.231)</u>	<u>(11.589)</u>	<u>(17.268)</u>
<i>Result before taxes</i>	<u>30.576</u>	<u>76.425</u>	<u>14.320</u>	<u>16.256</u>
Current income tax expense	(1.293)	(1.227)	(603)	(690)
Movement deferred tax assets and liabilities	4.234	(4.444)	4.559	(325)
<i>Total income tax</i>	<u>2.941</u>	<u>(5.671)</u>	<u>3.956</u>	<u>(1.015)</u>
<i>Result after taxes</i>	<u>33.517</u>	<u>70.754</u>	<u>18.276</u>	<u>15.241</u>
Result attributable to Vastned Retail shareholders	26.431	65.471	13.877	12.554
Result attributable to non-controlling interests	7.086	5.283	4.399	2.687
	<u>33.517</u>	<u>70.754</u>	<u>18.276</u>	<u>15.241</u>
Per share (x € 1)				
Result attributable to Vastned Retail shareholders	1,39	3,44	0,73	0,66
Diluted result attributable to Vastned Retail shareholders	1,38	3,20	0,72	0,66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (x € 1,000)

	FY 2016	FY 2015	HY2 2016	HY1 2016
Result	33,517	70,754	18,276	15,241
Items not reclassified to the profit and loss account				
Remeasurement of defined benefit obligation	319	780	2,320	(2,001)
Items that have been or could be reclassified to the profit and loss account				
Value movements financial derivatives directly recognised in equity	-	1,698	-	-
Reclassification of unrealised results on financial derivatives to profit-and-loss account	(117)	4,812	(59)	(58)
<i>Other comprehensive income after taxes</i>	202	7,290	2,261	(2,059)
<i>Total comprehensive income</i>	33,719	78,044	20,537	13,182
Attributable to:				
Vastned Retail shareholders	26,633	72,691	16,138	10,495
Non-controlling interests	7,086	5,353	4,399	2,687
	33,719	78,044	20,537	13,182

CONSOLIDATED BALANCE SHEET per 31 December (x € 1,000)

	2016	2015
Assets		
Properties in operation	1,611,725	1,644,828
Accrued assets in respect of lease incentives	3,068	3,072
<i>Total properties</i>	<u>1,614,793</u>	<u>1,647,900</u>
Tangible fixed assets	1,280	1,146
Financial derivatives	275	-
<i>Total fixed assets</i>	<u>1,616,348</u>	<u>1,649,046</u>
Debtors and other receivables	5,674	2,211
Income tax	204	56
Cash and cash equivalents	1,280	2,762
<i>Total current assets</i>	<u>7,158</u>	<u>5,029</u>
<i>Total assets</i>	<u>1,623,506</u>	<u>1,654,075</u>
Equity and liabilities		
Capital paid-up and called	95,183	95,183
Share premium reserve	472,640	472,640
Hedging reserve in respect of financial derivatives	499	616
Translation reserve	(5,728)	(5,728)
Other reserves	215,412	188,458
Result attributable to Vastned Retail shareholders	26,431	65,471
Equity Vastned Retail shareholders	<u>804,437</u>	<u>816,640</u>
Non-controlling interests	87,060	84,373
<i>Total equity</i>	<u>891,497</u>	<u>901,013</u>
Deferred tax liabilities	19,598	24,586
Provisions in respect of employee benefits	6,009	6,047
Long-term interest-bearing loans	601,610	652,513
Financial derivatives	6,145	5,427
Guarantee deposits and other long-term liabilities	3,559	3,557
<i>Total long-term liabilities</i>	<u>636,921</u>	<u>692,130</u>
Payable to banks	14,654	7,953
Redemption long-term interest-bearing loans	57,518	25,017
Financial derivatives	106	-
Income tax	1,076	5,108
Other liabilities and accruals	21,734	22,854
<i>Total short-term liabilities</i>	<u>95,088</u>	<u>60,932</u>
<i>Total equity and liabilities</i>	<u>1,623,506</u>	<u>1,654,075</u>

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY (x € 1,000)

	Capital paid up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
Balance as at Januari 2015	95,183	472,640	(5,691)	(5,728)	194,103	31,706	782,213	83,786	865,999
Result	-	-	-	-	-	65,471	65,471	5,283	70,754
Other comprehensive income	-	-	6,440	-	780	-	7,220	70	7,290
Reclassification	-	-	(133)	-	133	-	-	-	-
<i>Total comprehensive income</i>	-	-	6,307	-	913	65,471	72,691	5,353	78,044
Final dividend for previous financial year in cash	-	-	-	-	-	(24,177)	(24,177)	(4,766)	(28,943)
2014 interim dividend in cash	-	-	-	-	(14,087)	-	(14,087)	-	(14,087)
Contribution from profit appropriation	-	-	-	-	7,529	(7,529)	-	-	-
<i>Balance as at 31 December 2015</i>	95,183	472,640	616	(5,728)	188,458	65,471	816,640	84,373	901,013
Result	-	-	-	-	-	26,431	26,431	7,086	33,517
Other comprehensive income	-	-	(117)	-	319	-	202	-	202
<i>Total comprehensive income</i>	-	-	(117)	-	319	26,431	26,633	7,086	33,719
Final dividend for previous financial year in cash	-	-	-	-	-	(24,939)	(24,939)	(4,399)	(29,338)
2016 interim dividend in cash	-	-	-	-	(13,897)	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	40,532	(40,532)	-	-	-
<i>Balance as at 31 December 2016</i>	95,183	472,640	499	(5,728)	215,412	26,431	804,437	87,060	891,497

CONSOLIDATED CASH FLOW STATEMENT (X € 1,000)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Result	33,517	70,754
Adjustments for:		
Value movements in property	15,119	(26,032)
Net result on disposal of property	4,503	(2,704)
Net financing costs	20,344	26,708
Income tax	(2,941)	5,671
<i>Cash flow from operating activities before changes in working capital and provisions</i>	<u>70,542</u>	<u>74,397</u>
Movement current assets	(545)	(352)
Movement short-term liabilities	(361)	(748)
Movement provisions	130	122
	<u>69,766</u>	<u>73,419</u>
Interest received	301	2,206
Interest paid	(18,779)	(19,433)
Income tax paid	(4,464)	(1,292)
<i>Cash flow from operating activities</i>	<u>46,824</u>	<u>54,900</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisitions of property	(77,920)	(171,674)
Capital expenditure on property	(5,913)	(3,616)
Disposal of property	82,035	92,932
Disposals subsidiaries	10,501	-
<i>Cash flow from property</i>	8,703	(82,358)
Movement tangible fixed assets	(134)	(60)
<i>Cash flow from investment activities</i>	<u>8,569</u>	<u>(82,418)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(38,836)	(38,264)
Dividend paid to non-controlling interests	(4,399)	(4,767)
Interest-bearing loans drawn down	11,375	108,746
Interest-bearing loans redeemed	(25,017)	(42,167)
Movement in guarantee deposits and other long-term liabilities	2	(127)
Settlement of financial derivatives	-	(5,853)
<i>Cash flow from financing activities</i>	<u>(56,875)</u>	<u>17,568</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS	(1,482)	(9,950)
Cash and cash equivalents as at 1 January	<u>2,762</u>	<u>12,712</u>
<i>Cash and cash equivalents at end of period</i>	<u>1,280</u>	<u>2,762</u>

SEGMENTED INFORMATION (X € 1,000)

2016 per country

	Nether- lands	France	Belgium	Spain/ Portugal	Turkey	Total
Net rental income	36,117	14,746	17,344	3,138	7,710	79,055
Value movements properties in operation	(6,823)	15,063	7,162	3,663	(33,021)	(13,956)
Value movements properties under renovation	(1,163)	-	-	-	-	(1,163)
Value movements properties in pipeline	-	-	-	-	-	-
Net result on disposal of property	(4,103)	124	25	(549)	-	(4,503)
<i>Total net income from property</i>	24,028	29,933	24,531	6,252	(25,311)	59,433
Net financing costs						(20,344)
General expenses						(8,513)
Income tax						2,941
<i>Result attributable to Vastned shareholders</i>						33,517

	Nether- lands	France	Belgium	Spain/ Portugal	Turkey	Total
Properties in operation:						
Balance as at 1 January	741,647	337,849	356,348	76,333	132,651	1,644,828
- Acquisitions	21,388	27,923	-	26,594	-	75,905
- Capital expenditure	2,771	1,013	2,037	-	-	5,821
- Taken into/out of operation	(9,645)	-	-	-	-	(9,645)
- Disposals	(67,003)	-	(5,044)	(19,181)	-	(91,228)
	689,158	366,785	353,341	83,746	132,651	1,625,681
- Value movements	(6,823)	15,063	7,162	3,663	(33,021)	(13,956)
Balance as at 31 December	682,335	381,848	360,503	87,409	99,630	1,611,725
- Accrued assets in respect of lease incentives	1,675	457	432	134	370	3,068
<i>Appraisal value as at 31 December</i>	684,010	382,305	360,935	87,543	100,000	1,614,793

SEGMENTED INFORMATION (X € 1,000)

2015 per country

	Nether-lands	France	Belgium	Spain/ Portugal	Turkey	Total
Net rental income	38,595	14,477	18,441	3,839	7,568	82,920
Value movements properties in operation	(8,225)	22,640	2,197	7,679	1,139	25,430
Value movements properties under renovation	-	608	-	-	-	608
Value movements properties in pipeline	(6)	-	-	-	-	(6)
Net result on disposal of property	1,118	2,184	(654)	56	-	2,704
<i>Total net income from property</i>	31,482	39,909	19,984	11,574	8,707	111,656
Net financing costs						(26,708)
General expenses						(8,523)
Income tax						(5,671)
<i>Result attributable to Vastned shareholders</i>						70,754

	Nether-lands	France	Belgium	Spain/ Portugal	Turkey	Total
Properties in operation:						
Balance as at 1 January	647,061	329,021	355,951	68,654	131,512	1,532,199
- Acquisitions	119,030	16,074	28,871	-	-	163,975
- Capital expenditure	2,196	414	434	-	-	3,044
- Taken into/out of operation	-	2,840	-	-	-	2,840
- Disposals	(18,415)	(33,140)	(31,105)	-	-	(82,660)
	<u>749,872</u>	<u>315,209</u>	<u>354,151</u>	<u>68,654</u>	<u>131,512</u>	<u>1,619,398</u>
- Value movements	(8,225)	22,640	2,197	7,679	1,139	25,430
Balance as at 31 December	741,647	337,849	356,348	76,333	132,651	1,644,828
- Accrued assets in respect of lease incentives	1,543	331	533	130	535	3,072
<i>Appraisal value as at 31 December</i>	743,190	338,180	356,881	76,463	133,186	1,647,900

2016 per type

	Premium city high street shops	High street shops	Non-high street shops	Total
Net rental income	48,417	15,375	15,263	79,055
Value movements properties in operation	9,543	(9,388)	(14,111)	(13,956)
Value movements properties under renovation	-	-	(1,163)	(1,163)
Value movements properties in pipeline	-	-	-	-
Net result on disposal of property	147	(2,098)	(2,552)	(4,503)
<i>Total net income from property</i>	58,107	3,889	(2,563)	59,433
Net financing costs				(20,344)
General expenses				(8,513)
Income tax				2,941
<i>Result attributable to Vastned shareholders</i>				33,517

	Premium city high street shops	High street shops	Non-high street shops	Total
Properties in operation:				
Balance as at 1 January	1,120,840	285,380	238,608	1,644,828
- Reclassification	75,905	-	-	75,905
- Acquisitions	3,934	885	1,002	5,821
- Capital expenditure	-	-	(9,645)	(9,645)
- Taken into/out of operation	(12,260)	(41,288)	(37,680)	(91,228)
- Disposals	(16,810)	(33,135)	(32,715)	(82,660)
	1,188,419	244,977	192,285	1,625,681
- Value movements	9,543	(9,388)	(14,111)	(13,956)
<i>Balance as at 31 December</i>	1,197,962	235,589	178,174	1,611,725
- Accrued assets in respect of lease incentives	1,968	586	514	3,068
<i>Appraisal value as at 31 December</i>	1,199,930	236,175	178,688	1,614,793

2015 per type

	Premium city high street shops	High street shops	Non-high street shops	Total
Net rental income	45,217	18,300	19,403	82,920
Value movements properties in operation	56,311	(10,246)	(20,635)	25,430
Value movements properties under renovation	608	-	-	608
Value movements properties in pipeline	-	-	(6)	(6)
Net result on disposal of property	1,803	538	363	2,704
<i>Total net income from property</i>	103,939	8,592	(875)	111,656
Net financing costs				(26,708)
General expenses				(8,523)
Income tax				(5,671)
<i>Result attributable to Vastned shareholders</i>				70,754

	Premium city high street shops	High street shops	Non-high street shops	Total
Properties in operation:				
Balance as at 1 January	912,022	328,681	291,496	1,532,199
- Acquisitions	163,975	-	-	163,975
- Capital expenditure	2,502	80	462	3,044
- Taken into/out of operation	2,840	-	-	2,840
- Disposals	(16,810)	(33,135)	(32,715)	(82,660)
	<u>1,064,529</u>	<u>295,626</u>	<u>259,243</u>	<u>1,619,398</u>
- Value movements	56,311	(10,246)	(20,635)	25,430
<i>Balance as at 31 December</i>	<u>1,120,840</u>	<u>285,380</u>	<u>238,608</u>	<u>1,644,828</u>
- Accrued assets in respect of lease incentives	2,136	542	394	3,072
<i>Appraisal value as at 31 December</i>	1,122,976	285,922	239,002	1,647,900

The accounting policies used in this press release comply with the International Financial Reporting Standards.

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently. Properties and financial derivatives are valued at fair value. The other items in the financial statements are valued at historical cost. In the presentation of the annual accounts the Board of Management has made judgements concerning estimates and assumptions which impact the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on historical experience and other relevant factors, given the circumstances at balance sheet date. The actual results may deviate from these estimates. The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was reviewed, or if the estimate also impacts future periods, also in these future periods.

During the 2016 financial year none of the members of the Supervisory Board and Board of Management of Vastned Retail had a personal interest in the investments made by Vastned Retail. To Vastned Retail's best knowledge, no property transactions were effected during the period under review involving persons or institutions that could be regarded as parties with direct interests in Vastned Retail.

This press release was based on the 2016 financial statements which were prepared on 14 February, and for which Ernst & Young Accountants LLP has issued an unqualified opinion. The press release concerns only part of the financial statements. The financial statements have not yet been published in accordance with the statutory provisions and have not yet been adopted. The Annual General Meeting of shareholders will be held on 20 April 2017.

The figures for the 2015 financial year were audited by Deloitte Accountants B.V.

ABBREVIATIONS

AFM Dutch Authority for the Financial Markets
 CEO Chief Executive Officer
 CFO Chief Financial Officer
 CPI Consumer Price Index
 IAS International Accounting Standards
 IFRS International Financial Reporting Standards
 IRS Interest Rate Swap
 REIT Real Estate Investment Trust
 SIIC Société d'Investissements Immobiliers Cotées

DEFINITIONS

Average (financial) occupancy rate

100% less the average (financial) vacancy rate.

Direct result

Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to noncontrolling interests.

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.

EPRA Earnings

Recurring earnings from core operational activities. In practice this is reflected by the direct result.

EPRA NAV

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY)

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. Annualised rental income includes any CPI indexation and estimated turnover rents or other recurring operational income but does not include any provisions for doubtful debtors and letting and marketing fees.

EPRA 'topped-up' NIY

This yield is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Gross rental income

The gross rent recognised for a certain period after deduction of the effects of straight-lining of lease incentives.

Indirect result

Consists of the value movements and the net result on disposal of property, movements in deferred tax assets and

deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to noncontrolling interests.

Lease incentive

Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Market value

The estimated amount for which a particular property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net Asset Value (NAV)

Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

Net initial yield

Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income

Gross rental income less ground rents paid, less net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, property management expenses, insurance, letting costs and local taxes.

Net yield

Theoretical net rental income expressed as a percentage of the market value of the respective property.

Occupancy rate

100% less the vacancy rate.

Straight lining

Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical gross rental income (TGOI)

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.