

MINUTES OF THE PROCEEDINGS OF THE GENERAL MEETING OF VASTNED RETAIL N.V. SHAREHOLDERS ON THE 2016 FINANCIAL YEAR

Thursday 20 April 2017, 1pm to 2:30pm,
Rosarium, Amstelpark 1, Amsterdam

Chairman: Mr M.C. van Gelder, chairman of the Supervisory Board of Vastned Retail N.V.
(‘Vastned’ or ‘the Company’)

Secretary: Mr M.C. Magrijn LL.M., General Counsel of Vastned

ITEM 1 OPENING AND ANNOUNCEMENTS

Mr De Groot: I would also like to welcome you all here today. I always get up early and I read this morning that consumer confidence in the Netherlands has not been this high in sixteen years. That is good news for our tenants, who are also our customers, so that was a good start to this lovely day.

The highlights of 2016. Over the past year, Vastned has made important steps in raising the quality of the portfolio. We made acquisitions in well-known high streets in Amsterdam, Utrecht, Paris and Madrid. We also made good progress on divestments, selling properties for € 95 million in total, of which € 71 million in the Netherlands. The core of the portfolio, the premium city high street shops, show stable results with an occupancy rate of 99.2% and a value increase of € 13 million in spite of the € 33 million mark-down of the Istanbul portfolio, to which I will return later.

The loan-to-value ratio at 41.8% remained within the desired bandwidth and the direct result for 2016 was € 2.42 per share. At item 6 we will propose to distribute a dividend of € 2.05 per share. I will comment on the strategy update later in this presentation.

It is our conviction that the retail landscape has fundamentally changed and will continue to change. Consumers are far better informed and spend money differently from twenty years ago. Ageing and the spending behaviour of older and younger people are major factors in this. Older people spend a great deal of their income on care, and younger people attach greater value to experiences than to luxury items. They prefer travelling over buying new jeans. Things like a smartphones, Netflix and TV subscriptions for soccer games and Formula 1 are currently among the standard spending items for families. The consequence is that a smaller share of the family budget can be spent on retail.

We are seeing that successful retailers are highly focused on certain locations. The location itself is more important than the number of locations. Over the past ten years we have already seen that the total number of shops has fallen by some 4% and we expect this trend to continue. In the Netherlands we have a relatively high volume of retail surface area compared to other European countries. We expect especially retailers in secondary locations to be affected by this.

For example, yesterday it was announced that Primark, which last year opened a shop on Damrak, was achieving disappointing results. This was because they also have a big outlet in Hoofddorp, and when you have too many similar shops in a certain area, turnover will suffer. This illustrates the trend of having fewer shops, but in better locations. This slide shows the main indicators, and you can see that the premium city high street shops are achieving the intended stable and predictable results. These locations are virtually fully let, and are realising positive rent growth and value increases. We take this as confirmation of our strategic choice for the best and only the best retail property.

In 2016 we concluded 102 leases for a total amount of € 10 million. This is approx. 11% of the theoretical rental income, virtually unchanged from last year. New tenants we attracted included Spanish retailer Scalpers, Repeat Cashmere, Birkenstock and Zadig & Voltaire.

More and more online players are opening shops on busy high streets. In Utrecht, for example, we let shops to MyMuesli and Polette. Both are retailers who started out as online companies, but went on to open physical shops. Many retailers find that when a physical shop is opened, turnover in that area rises. In less popular locations, rents are under pressure. In spite of this, we concluded 71 leases for high street and non-high street properties.

In order to further raise the quality of the portfolio, we expanded the portfolio by € 76 million last year. We saw and still are still seeing excellent opportunities, such as in Le Marais in Paris. This historic district is popular both with tourists and Parisians. The small streets with restaurants and the great variety of boutiques and well-known retailers make this district unique. In this area we acquired four high street shops in the past two years.

Next to acquisitions, we sold properties for € 95 million last year. In the Netherlands we have been able to make major divestments, but we also took steps in Belgium and Spain. The portfolios in those countries are now largely composed of high-quality assets. We sold the complete Portuguese portfolio. Portugal is not one of the countries where we want to further expand the portfolio, so that is why we sold it.

We are highly critical when it comes to making acquisitions. In recent years, competition for retail properties in the best locations has grown more intense. However, it remains very important for us to only make acquisitions that add value to the current portfolio. There has to be some scope to a property. Let me give you a couple of examples: in 2015, we bought the two adjoining shops in Rue des Rosies in Le Marais for some € 16 million. At the time of the purchase, the tenants were Adidas and Suite.341. Our team in France had heard from Adidas that they were keen to add the adjoining space, which was let to Suite.341, to their shop and make the full space into one large flagship store for Adidas Originals. We then spoke to Suite.341 to survey the possibilities. Because they had more shops in the area, they were willing to move. To better integrate the shops, it took only a small investment to take out the separating wall. Of course, permits had to be obtained, but in the end we only paid the contractor just € 10,000 to create one big shop for Adidas Originals, 1 of 5 in Europe, and realised a 55% rent increase in the process.

It is not only for acquisitions that we look at the possibilities a property offers. In the existing portfolio, too, we exploit any possibility to further improve the quality. Zonnestraat 6 in Ghent, for example, was restored to its former glory. The property dates from 1922 and was designed by architect Maurice Fetu. In the past decades, the property had had different uses, and significant conversion work had been done to both the façade and the inside. Vastned invested € 2 million in total in 2015 and 2016, returning the property to its original state and netting Vastned a 87% rent increase and a 50% value increase.

Another project that was started this year was the renovation of the upper floors of the property at Oudegracht 161 in Utrecht. The three floors above Pull & Bear on Oudegracht in Utrecht were let as office space. The leases were running out, so that there was a natural opportunity to think about optimising these floors. By changing the use of these floors measuring over 1,000 sqm in total, we can create ten apartments of different sizes.

Creating residential space above shops is one of Vastned's spearheads, also in our sustainability policy, because it contributes to the liveability of the city centre. Retailers like the residential space, because it means that people are present in the properties also after hours. The streets are less deserted, and there is currently great demand for residential space in city centres, which we are catering for in this way. In addition, the conversion will lead to a € 1.9 million value increase of the property.

Sustainability

In the previous slides we already touched upon sustainability, and in the annual report we have set out extensive information on the developments in the area of sustainability. I would like to comment on certain areas: as a property company focusing on the best retail property in historic city centres in Europe, the impact we have on the environment and our surroundings is by definition limited compared to other industries. After all, the larger part of our property has been there for hundreds of years and, as we are not property developers, we do not build new property. We also usually let retail units as a shell unit, so the tenants themselves are responsible for gas, water and electricity. That also means that as a landlord, we have little insight into energy consumption. We want to change this by installing smart meters in consultation with our tenants, allowing them to investigate in what way they can conserve energy in their shops.

We have also included a green and ethical clause in our standard lease agreement. 77% of the leases we concluded for premium city high street shops in 2016 has such a clause. It addresses subjects such as limiting the use of natural resources, circular economy, human rights, child labour and animal welfare. The 2016 annual report is also the first time we reported in accordance with the EPRA sustainability best practice indicators in order to further increase transparency.

I would now like to give the floor to our CFO Reinier Walta for comments on our financial results.

Comments on the financial results

Mr Walta: The financial key figures in this slide show a comparison of the key financial results in 2016 and 2015. For example, the direct result in 2016 was € 2.42 per share, or 2 cents above the guidance. The negative indirect result in 2016 was mainly caused by the mark-down of the Turkish property portfolio by € 33 million. In addition, the average interest rate remained low at 2.7% and the loan-to-value ratio remained within the desired range. The next slide shows the development of the direct result compared to last year.

What is striking is that the active rotation in the property portfolio through acquisitions and divestments had the greatest impact on the direct result. Acquisitions added € 0.20 per share, but on the other side, divestments took away € 0.35. There were also a number of smaller items that resulted in differences, such as the like-for-like rent growth, lower financing costs and the absence of significant non-recurring income, which the year before pushed the direct result up.

Looking at the like-for-like rent growth, it becomes clear that we had positive like-for-like rent growth in all countries except the Netherlands. In France and Belgium the like-for-like rent growth was 1.1% for premium city high street shops. In Belgium we also realised positive like-for-like rent growth in the other two categories. The strong increase of non-high street shops was caused by good results of the 'baanwinkels' that are very popular in Belgium; they are located on Gouden Kruispunt in Tielt-Winge.

The negative like-for-like rent growth for premium city high street shops in the Netherlands was caused by bankruptcies at the start of the year and by various renovations in the Amsterdam portfolio, both of which led to temporary vacancy. All these properties have since been reoccupied, and are therefore once again generating rental income.

In the Netherlands the like-for-like rent growth in the other two categories was also negative. This was due to what Taco de Groot already referred to: the polarisation and the irreversible change of the retail market in the Netherlands. This slide shows the value changes by country and by type of property. These are the value movements in the existing portfolio excluding the acquisitions and divestments made in 2016. Once again the premium city high street shops are showing value increases, with the highest absolute increases of € 15.5 million and € 21.4 million in the Netherlands and France respectively. Without the mark-down of the Turkish portfolio, the premium city high street shops would have risen by € 46.4 million. The uncertain geopolitical and economic situation in Turkey resulted in a mark-down of the Istanbul portfolio of € 33 million. We have seen consumer spending fall for some time now and tourists - a major source of income for Turkey - are avoiding the country. Furthermore, the fall of the Turkish lira in conjunction with falling turnover has resulted in relatively high letting costs for retailers in Istanbul, who pay us in euros. These developments will put pressure on market rents over the next few years.

Financing

On this slide I illustrate our most important parameters with respect to our financing. As you see, with over € 160 million in unused credit facilities and a loan-to-value of 41.8%, we have ample financial room for acquisitions. In addition, you see that the average interest expenses have remained low at 2.7%, while we have succeeded in extending the average duration and the share of fixed-interest loans. In this way the interest expenses have been fixed for an extended period. We achieved this inter alia by increasing the credit facility with a syndicate of five banks by € 75 million to € 375 million and extending the duration by two years to February 2022. In addition, we extended the € 75 million private placement loan from AXA by three years to September 2024 and the coupon was changed from a floating to a fixed rate. These steps have contributed to our goal of generating stable results. Incidentally, we also comply with all loan covenants. I now return the floor to Taco de Groot.

Mr De Groot: I will now discuss the events after balance sheet date, which are the announcement of the strategy update, our departure from Turkey and the share buyback.

On 8 March 2017 after trading, we published the press release with the announcement of the strategy update. We felt this was a natural time, since the sale of the Turkish portfolio was signed on that day. The quality of our total portfolio has gone up sharply in recent years. When we started executing our high street strategy, the portfolio was still a mix of different retail properties. Since then we have bought or sold properties for € 1.7 billion in total, so that the portfolio has changed completely. It now has a far clearer profile, with focus on property in the well-known high streets of selected European cities. In addition, the property portfolio is far more concentrated. We have made big steps over the past years, especially in Belgium, France and Spain. In the Netherlands, where the portfolio was always the biggest and most fragmented, we still intend to sell properties in many cities.

Strategy update

What does the strategy update entail? First of all, quality will remain Vastned's primary spearhead. We have decided that we will work on acquisitions in a highly focused way, and that the focus will be on five cities: Amsterdam, Antwerp, Paris, Madrid and Barcelona.

Due to the big transition we have already brought about over the past few years, we have also decided to change the categories from three to two: 'core city assets' and 'mixed retail locations'. The names speak for themselves. Core city assets consist of property in historic city centres of bigger European cities, and mixed retail locations contain all the other retail properties, such as supermarkets, the Belgian 'baanwinkels', high street shops in smaller cities and parts of shopping centres.

The objective is to have the core city assets grow from 75% to over 80% of the portfolio by making acquisitions in the abovementioned cities, but also by selling some € 100 million in mixed retail locations in the Netherlands.

Quality will continue to be our focus also in terms of financing and the organisation. We have broadened loan-to-value bandwidth to 35%-45%. By retaining the 45% upper limit we keep some flexibility for larger acquisitions and with a lower loan-to-value we are less exposed to interest market developments, which again fits in with stable returns. In terms of organisation, we believe it is important to remain a lean and mean organisation with a commercial and hands-on mentality.

As announced on 8 March 2017, we sold the Turkish portfolio to a group of local investors. Although I am fully behind the sale, I look back on it with mixed feelings, I have to admit. Due to the uncertainty that the geopolitical and economic developments in Turkey have caused, I am glad we have been able to sell the portfolio. On the other hand, Istanbul is a dynamic city with a young population, and the properties are located in the well-known high streets; that is simply the way it is. But for a listed property company that wants to generate stable results for its shareholders, Istanbul no longer fits our portfolio. The transaction was completed successfully last week. We will use a maximum of € 50 million of the total sales proceeds to buy back shares.

Share buyback

In the announcement of the divestment of the Turkish portfolio, we stated that we would use a maximum of € 50 million of the proceeds for a share buyback in view of the relatively big scale of the divestment. In view of the considerable discount at which the Vastned share is currently trading compared to net asset value, we feel that a share buyback is a good investment. We have used the remainder of the income from the Turkish divestment to redeem the credit facility. This will keep down our loan-to-value ratio, but as we also wish to divest some € 100 million in the Netherlands, we will still have enough financial room for acquisitions.

Due to the size of the share buyback and the daily trading volume in Vastned shares, we opted for what is known as a 'Dutch auction'. This means that we give shareholders the option to offer their shares at a certain price for a certain period of time. After the offer period we will announce how many shares we have bought and at what price.

Consumer behaviour has changed completely compared to twenty years ago, and it will continue to do so in the next few years. This has created a new reality for many retailers. Not all retailers are already aware of this, or are able to deal with it. We expect that this will result in more retailers disappearing over the next few years. For Vastned, focusing on quality therefore remains vital. When we are working in the right locations with the right people, we can create a beautiful portfolio that generates long-term stable results. In acquisitions, the company will continue to focus on growth of the clusters in five selected cities in Europe. In addition, we aim to divest some € 100 million in secondary retail property in the Netherlands.

The divestments in mainly the fourth quarter of 2016 and the sale of the Turkish portfolio will impact the 2017 direct result. We also intend to set further steps in the rotation of the portfolio. We anticipate a direct result for 2017 of between € 2.10 and € 2.20 per share.

Mr Van Gelder: You now have the opportunity to ask questions.

Mr Wijnands: I have a question about the unused credit facilities. The 2016 annual accounts show that the unused credit facilities have increased sharply compared to 2015. Also in view of the strategy to make further divestments, does this not involve significant cost?

Mr Walta: Last year we took the decision to expand our revolving credit facility. There are costs involved in the unused part, but they are not high, so ultimately I think that the comfort that the additional credit room provides is well worth it.

Mr Van Riet: These costs still are about 0.2% of the unused credit facilities. That is quite a lot of money in view of the size of the facility, or am I wrong?

Mr Walta: No, you are quite right. This percentage is a third of the margin. We were able to lower the margin because we also got a larger facility, so ultimately the costs did go down, but you are correct that this flexibility costs money. If you look at the total interest expenses, you will see that they have remained approximately the same in 2016 as they were in 2015.

Mr Van Riet: Mr De Groot mentioned that € 10,000 was invested in Rue des Rosiers in Paris to make two units into one. That seems very low to me, with all the necessary permits?

Mr De Groot: We have a very good team there and we do many things ourselves. The € 10,000 were external costs.

Mr Van Riet: An almost 55% rent increase for this location, was that for both units together or just for the Adidas one?

Mr De Groot: One of the tenant left (Suite 341). The other reason why we bought the two properties was because we saw they were underrent and that we believed one of the tenants might be willing to leave. So we held discussions with the tenants both during the purchase and afterwards. Adidas wanted to stay and expand the shop, which resulted in a rental income for both properties that was over 50% higher than before.

Mr Van Riet: You also mentioned smart meters you want to impose on your tenants, but of course they are rather contentious. TV shows like Kassa have reported that they register energy use inaccurately, have you looked at that?

Mr De Groot: Our real intention is to make our tenants aware of their energy consumption and where possible ensure that it is reduced, so that at the end of the day the cost level of the shop is lowered and returns improved. We are studying what actual smart meter we will be using. Initially this is a pilot with twenty tenants who are involved in this. And we certainly don't impose anything on them.

Mr Van Riet: So you have taken account of the fact that there is controversy about how accurate these smart meters are. About the share buyback, the share price is currently higher than you are offering. Can the buyback be a success then?

Mr De Groot: We cannot comment at this time, because we don't know what price the share price will be when we start the share buyback programme. It may be an attractive offer for parties with a substantial interest who wish to sell, in view of the low daily trading volumes.

Mr Walta: I would like to add something. The buyback offer is 'ex dividend'. The share price of our share is currently trading at, is including dividend. We have indicated a bandwidth of € 35 to € 36.50 per share for our buyback. At present, the share is trading at € 35.80, so we are still offering above the current share price. After the dividend payment date, the final dividend will be deducted from the share price, and then we will purchase the shares ex-dividend. By the way, we cannot predict at this time what happens to the share price after the ex-dividend date.

Mr Van Riet: Thank you for your explanation, I was not aware of this distinction.

Mr Van Riet: You referred to consolidation of the number of shops. I don't know whether we have Hema or Action in our portfolio, but these retail formulas have expanded their retail surface area considerably over the past few years. Are these companies tenants of Vastned and are we exposed to any risks there?

Mr De Groot: We certainly have Hema and Action as tenants. They are different companies, with very different products. Judging from recent financial results, Hema is on the way back up, but it is not a major tenant for us. Action is doing better and is growing fast. What we are seeing in the market is that when an Action is opened in a shopping area, the footfall rises considerably. Action acts as an anchor for a shopping area.

Mr Van Riet: That is indeed the case, but they are often in B locations or on access roads.

Mr De Groot: True, but they are also in the Amsterdam city centre.

Mr Lemoine: I have two questions. Firstly, why did you choose for the Dutch auction system for the buyback? That seems quite unusual to me. My second question is, could you tell us if the share buyback is a success, what the new net asset value of the Vastned share will be? Have you made any agreements with major shareholders to buy back shares?

Mr Walta: Your first question was why we opted for a 'Dutch auction'. We performed an extensive analysis of possible ways to carry out the buyback, in which we also considered the liquidity of the Vastned share. If we were to buy shares on the market, it would take some considerable time to buy € 50 million in shares, so that was the main reason why we chose the Dutch auction. We have currently no agreements with major shareholders to buy shares, so there is nothing I can tell you about that. And I cannot give you the net asset value after purchase, because I don't know how much we will actually be purchasing. The only figure I can give you now is the "EPRA NAV" after the sale of the Turkish portfolio, which is € 43.45 per share.

Mr Lemoine: I do not share your view that a Dutch auction is customary. Customary is buying shares over an extended period, for example at a percentage of the average weighted trading volume over 200 days.

Mr Walta: I agree. I did not say it was customary. We deliberately opted for the Dutch auction because we now have a large amount in cash available that we can use in one go in this way, and the other is that we can thus complete the buyback within a reasonably limited period instead of over a longer period because of the lower liquidity of the share.

Mr Niemeijer: Couldn't you buy shops for this € 50 million? Vastned is getting ever smaller in size.

Mr De Groot: Last year we bought several properties, and we are in the process of doing so now. We are seeing plenty of opportunities for investment. But we want to use the money to buy sensibly, not just to grow in size. As in the example of Rue des Rosiers in Paris, there has to be a clear story that we can add value to our purchases in the medium term. Prices of the kinds of properties that we invest in have gone up quite a bit in the past few years, as our appraisal values increased. The margin of error is small, however, so we have to be disciplined in what we buy.

Mr Van Gelder: One addition to the share buyback story: the shares will not be cancelled, so they can be issued again. Any more questions?

Mr Broenink: First of all, my compliments for the 2016 annual report, it looks wonderful. Secondly, what is the situation with the sale of the shops in Joure, Vriezenveen and all those small cities where you have one or two properties? Can you give us a little bit more information?

Mr De Groot: Last year, we managed to sell € 71 million in properties in the Netherlands, and many of those were in smaller cities, but also for example our small ownership in shopping centre Overvecht in Utrecht. We are seeing that the market for divestments is in a better place than a year and a half, two years ago, and that has to do with better financeability. So the willingness to provide financing has improved, and the interest rate is still low. We are doing all we can to find buyers, and we hope to be able to present good divestment results next year.

Mr Broenink: Will the divestments be sold at book value?

Mr De Groot: I don't know, because I don't know what the future will bring. But you can be confident that we do the best we can to sell at least above book value. However, the reality is that the rents in secondary locations are generally still under pressure. And if for example free parking in such a shopping area is changed to paid parking or that renovation fails to be realised due to fragmented ownership, that may mean that in some cases we may have to sell below book value.

Mr Den Ouden (Vereniging van Effectenbezitters representative): I have a few questions. Firstly about the sale of the Turkish portfolio, and I would also like to pick up on what one of the previous speakers said. You are going to buy back shares, but isn't Vastned getting too small now you have also sold this portfolio? And would you explain what you think is an optimum size for Vastned in order to be attractive to shareholders?

Mr De Groot: We have never, at least not as long as I have been with the company, said anything about striving for any particular size, and I see no reason to change that policy. What we focus on is quality. We are rolling out our strategy step by step, selling higher yielding but more risky property and buying lower yielding but less risky property.

Mr Den Ouden: Isn't one of the reasons the share is trading at a discount that the overhead costs are too high for a small organisation?

It gets even more curious when we see that Vastned's Belgian portfolio is trading above NAV. That suggests perhaps that either the other portfolios are valued too high or that the contribution of the personnel is undervalued. What is your view?

Mr De Groot: I'm afraid I have to disagree with your suggestions. We have studied our overheads ourselves, and we are doing very well on overhead costs compared to our peers. We have about 48 staff in this listed company, and we are in the lowest regions in terms of overheads. When I started working here, there were still 120 people. Coming to the Belgian portfolio, I believe the reason is quite different. The fact that in Belgium virtually all 17 listed REITS or property investment institutions trade above NAV is to do Belgium not having a pension system like we do. A key reason why the Netherlands has so few listed property companies is that all pension funds have a property division. In Belgium, architects, dentists and other independent professionals are making additional pension investments, for which they often use the listed property companies in view of good regulation and good governance. There is very little trade in these shares; the liquidity is very low.

Mr Den Ouden: Thank you for your explanation. It has cleared up some things, but it also raises new questions. I won't ask them now, because we would end up arguing, and that is not very useful.

I have a very different question, which is to do with making the properties more energy efficient. You in fact pass the buck to the users, but surely as the owner you have your own responsibility? What are you going to actually do, how much is it going to cost and how do you intend to phase it?

Mr De Groot: Where possible, we take action ourselves. One example is the residential space we are going to create and have recently realised above our shops. These spaces comply with current legislation, and we actually do more in terms of energy efficiency measures than we need to by law. But we cannot tell retailers to close the doors on Kalverstraat because it's 15 degrees outside and you have the heating on. What we can do, and do, is talk to the tenants. We now have twenty tenants that we are collaborating with to see if together we can achieve better energy saving results.

Mr Den Ouden: How much is that going to cost Vastned, approximately?

Mr De Groot: Smart meters are not expensive.

Mr Den Ouden: I mean things like wall insulation and double glazing, you will have considered that, surely?

Mr De Groot: Definitely, but most of our properties are in historic city centres. We are not talking about a newly built shopping centre. Much of our property is listed, so we have to abide by the rules laid down by government agencies for the protection of listed buildings. Usually, we are not allowed to fix an extra external wall to a façade because it is more energy efficient, or put solar panels on the roof. So we are also bound by various other institutions that deal with how the city centre looks and with all kinds of regulations. That means that our possibilities are limited, but so are the costs.

Mr Den Ouden: Thank you for your explanation. I now have a very different question. You have said that you want to make the performance of the portfolio more predictable, and you have in terms of the direct result. The indirect result, however, has moved up and down between plus and minus € 17 million, and that is not very predictable to an outsider. Can you tell us how you intend to make that more controllable?

Mr De Groot: If you look at the results, you see that the fluctuations are caused by the part of the portfolio we have already sold or that we intend to sell. For several years, the premium city properties have presented a far stabler picture in terms of results, and this is the portfolio we wish to compose, and which already make up 75% of the current portfolio. Unfortunately, we cannot prevent a smaller part of the secondary property undoing some of the positive results.

Mr Den Ouden: One final question, what is the situation with cybersecurity within Vastned? We have noticed that the supervisory directors have put this on the agenda as a point of attention, and I'm sure they did that for a reason. I feel that it merits some explanation.

Mr Walta: Cybersecurity is certainly an important issue for Vastned. We have our own IT department that deals with this topic intensively. For example, we regularly get hacked voluntarily by independent parties to see how vulnerable we are. Our IT policy has recently been updated as part of our risk management system. In addition, we have invested in new laptops that are encrypted immediately when they are lost.

Mr Den Ouden: Thank you very much.

Mr Van Gelder: Any more questions on item 2 on the agenda? There are no questions. Then let us move on to item 3, for which I am pleased to give the floor to Marieke Bax, the chair of the Remuneration and Nomination Committee.

ITEM 3 REMUNERATION REPORT FOR THE 2016 FINANCIAL YEAR

Ms Bax: As you may remember, in 2015 this general meeting of shareholders adopted the present remuneration policy. This policy forms the basis of the fixed and variable remuneration of the members of the Executive Board. A key point is that this year we have expanded the normal annual evaluation process of the Executive Board with a '360 degree feedback session'.

First a quick explanation on the fixed component of CFO Reinier Walta: as you may remember and as was announced on the publication of the remuneration policy, Mr Walta can grow within a period of three calendar years starting on 1 January 2015 to a fixed remuneration of 70% of that of the CEO. This award is not automatic, but is made on the basis of a positive evaluation, and was € 21,000 for 2016, which was exclusive of employer's contributions.

The variable remuneration of the Executive Board members consists of a short-term component and a long-term component. The long-term variable remuneration, as you see, does not yet apply since it is calculated over a period of three years from the start of the new policy. This means that the first time I will report on it will be during the AGM in 2018.

With respect to the variable short-term component for 2016, clear and ambitious targets were once again formulated for the Board. There is a threshold for each target, below which no bonus is awarded, 'at target', which results in a 20% award and an upper limit, which results in a 25% award.

On the slide behind me you see the 'at target' objectives which therefore can result in this 20% award. For 2016, both members of the Executive Board were awarded two thirds of the maximum total STI. Let me explain that in more detail.

For the CEO and CFO there were three common quantitative targets: firstly, to increase the share of premium city high street shops, with an 'at target' objective of 75% of the total portfolio. As you see, the actual share at year-end 2016 was 74%, based on which a variable remuneration of 18.25% was awarded; we are very precise. The second target was realising a 2% like-for-like rent growth on the premium city high street shops. The like-for-like rent growth realised in this segment was 0.5%, as you saw. Since the threshold was one percent, the Executive Board failed to reach

the threshold. The third quantitative target that was set was the acquisition of premium city high street shops of a value of € 65 million, with an upper limit of € 78 million. At year-end 2016, acquisitions had been made totalling € 76 million, so the Board realised 24% of the maximum 25% of this target.

Next to these three quantitative objectives, we set a qualitative target for each of the Board members every year. The CEO's qualitative target was further quality improvement of the organisation with emphasis on commercial focus; this was realised in full. The qualitative objective for CFO Mr Walta was to draw up and implement a financing plan that was favourable for Vastned that was to fulfil various conditions in terms of duration and interest; this objective was also realised in full.

In summary, we believe that the Executive Board has once again made major steps this year in the execution of the strategy and we are sincerely grateful to them for their dedication and efforts for the Company.

I hereby return the floor to the chairman.

Mr Van Gelder: Any questions for Ms Bax? There are no questions.

Mr Van Riet: I see that the CEO gets a € 44,000 expense allowance for a car, telephone and Internet costs. Is that his private car, or a company car?

Mr Walta: It is a company car, and these are the business costs.

Mr Van Riet: Does Vastned also pay the additional tax liability, or does he pay that himself?

Mr Walta: He has to pay that himself.

Mr Van Riet: Thank you.

Mr Van Gelder: Any other questions about the remuneration? There are no other questions. Then let's move on to the next item, which is a trial vote. The trial vote was then taken. We now come to three agenda items relating to the financial statements, the dividend policy and the dividend for the 2016 financial year.

ITEM 4 PROPOSAL TO ADOPT THE ANNUAL ACCOUNTS FOR THE 2016 FINANCIAL YEAR (RESOLUTION)

Mr Van Gelder: Let us start with the financial statements of Vastned Retail NV for the 2016 financial year. The proposal before the Annual General Meeting of shareholders is to adopt Vastned's financial statements for the 2016 financial year. Before we put it to the vote, I will first give the floor to the external auditor for an explanation about his audit work and his opinion on the financial statements. After his explanation, there will be an opportunity to ask him and the Executive Board questions on the financial statements. Over to Wim Kerst of Ernst & Young Accountants LLP ("EY").

Mr Kerst: This year was the first time we audited Vastned's financial statements. Last year, it was my colleague Mr Sonneveldt of Deloitte who was here, and in the first quarter of 2016 I feel we very diligently took over the audit from Deloitte. We joined the final discussions in order to have a smooth transition from one auditor to the other. The last thing you want is a loss of quality, of depth, both from the perspectives of the auditor, the Company and you, the shareholders.

Over the course of 2016 we frequently consulted with the Executive Board and Supervisory Board. In the first quarter, we discussed our audit plan for 2016. In the second quarter, we mainly discussed the half-year figures and our audit opinion of them in August. The meetings in the third quarter focused on our management letter, and recently in February 2017 we issued our audit opinion.

For this occasion, the Executive Board has released me from my duty of confidentiality, and my role is to tell you about our audit approach and our conclusion; it is up to the company itself to answer any other questions.

You know the findings of our audit. I did not bring a presentation, but if you would turn to page 220 of the annual accounts, I would like to point a few things out there. This has been what is known as an expanded audit opinion, which is customary for listed companies. This is a legally required statement that consists of a number of specific chapters and sections. You will find the 2016 financial statements in Chapter 9 on pages 155 to 218. You will immediately see our opinion: we have audited the financial statement and note that it gives a true and fair view of the financial position, result and cash flows. In that statement we inform you about the materiality, in summary the degree of accuracy with which we looked at the figures. This item is explained in the statement and is based on the NBA guidelines; we also based ourselves on percentages of the assets and also the direct result. That is common practice, and indeed Deloitte did the same last year. So we looked with a certain degree of accuracy and that means that if we uncover errors greater than € 110,000 relating to the direct result, we explicitly report them to the management and the Supervisory Board and discuss these errors with them. For valuation differences, i.e. errors that affect the indirect result, the threshold has been set at € 400,000. So that gives you some idea of the proportions.

We perform the audit from the Netherlands. I bear the final responsibility, but we also bring in our colleagues in France, Belgium and Turkey. What we audited in relation to Spain and Portugal, we did mainly from the Netherlands, because our firm in the Netherlands has a great deal of expertise and because the portfolios in those countries are not very big. On page 221 you will find the key points of our audit. Key points are focus points, not problems or points of attention. One focus point is obviously the valuation of the property, that is what this company is about. The company itself has a very rigorous process for the valuation of its property holdings. We have devoted a great deal of attention to evaluating this process, how the process is structured, and of course we also looked at the various appraisal reports in detail. We do this also for transactions throughout the year: we check them in detail.

What I have said so far refers to the annual accounts. A different chapter in our statement is about the other information, which is information that is not presented in the financial statements, but only in the report of the Executive Board. We do not audit this information in detail, as we indeed pointed out in our opinion. We read this information and evaluate it based on knowledge gained in the audit of the financial statements. So if we find something that does not tally with our information from the audit of the financial statements, that would lead to a question and a note for the management. We did not find any, and so we have issued an unqualified opinion.

Mr Van Gelder: Thank you very much. Any questions for Mr Kerst?

Mr Den Ouden: I have two questions. Firstly: the materiality limit was lowered to € 8.5 million, from € 27 million last year. Are you more critical than your predecessor? Secondly: does such a big difference not in fact undermine your materiality limit, the confidence in the audit?

Mr Kerst: Materiality is about a certain accuracy, and there are general NBA guidelines for this that we base it on, which set a percentage on the degree of accuracy. If you were to base such materiality for example on the result before tax, which is a very commonly used standard with many companies, you are talking about percentages of some 5 to 10%. We took the total assets as our basis, and then applied a percentage of which we believe that it is appropriate, i.e. in common use. For the direct result, which is an important factor in the dividend, we said based on our own professional judgment that we had to be more accurate. So we brought the limit down, and we believe it to be appropriate. Why my colleague Sonneveldt of Deloitte made different choices last year, is a question you should ask him.

Mr Den Ouden: Do you feel that this undermines the audit profession, and is it difficult for the industry to establish a solid trend? The AFM investigations show that many issues allow for different perspectives.

Mr Kerst: The question you are asking is of a strategic nature. It is a struggle within the profession to gauge the degree of accuracy of the audit. I take it you read our regulator's reports, and so you will know that there is a great deal of debate on this issue. I think that the profession as a whole is heading towards a new balance. I agree that any difference in terms of approach in the area of materiality is essentially undesirable. There should be less ambiguity; this is a lesson for the entire profession to learn.

Mr Den Ouden: Thank you.

Mr Van Gelder: Are there any more questions for the external auditor? There are no other questions. Then let us move on to the vote. You can cast your vote now. The votes were cast as follows: 99.375% in favour, 0.625% against and 11,005 abstentions, so the resolution is adopted.

ITEM 5 COMMENTS ON THE RESERVATION AND DIVIDEND POLICY

Mr Van Gelder: Let's move on to item 5. The dividend policy that was adopted in 2013 has remained unchanged. In short, it says that at least 75% of the direct result will be distributed as dividend. Are there any questions about this? There are no questions, so we will move on to item 6.

ITEM 6 DIVIDEND DECLARATION FOR THE 2016 FINANCIAL YEAR (RESOLUTION)

Mr Van Gelder: We now come to the proposal to declare the dividend for the 2016 financial year. The proposal before the Annual General Meeting of shareholders is to declare a total dividend of € 2.05 per share for the 2016 financial year. This is approximately 85% of the direct result. After deduction of the cash interim dividend of € 0.73 per share that was distributed in September 2016, the final dividend is € 1.32 per share in cash. The final dividend for the 2016 financial year will be made payable on 9 May 2017. Does anyone have any questions about this? There are no questions. Let's go to a vote. You may now cast your vote.

The votes were cast as follows: 99.996% in favour, 0.004% against and 100 abstentions, so the resolution is adopted. We will now move on to granting discharge. It concerns two agenda items.

ITEM 7 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE EXECUTIVE BOARD FOR 2016 (RESOLUTION)

Mr Van Gelder: The proposal before the Annual General Meeting of shareholders is to grant the members of the Executive Board discharge from liability for the performance of their duties during the 2016 financial year. You may now cast your vote.

The votes were cast as follows: 99.781% in favour, 0.219% against and 100 abstentions, so the resolution is adopted.

ITEM 8 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE SUPERVISORY BOARD FOR 2016 (RESOLUTION)

Mr Van Gelder: The proposal before the Annual General Meeting of shareholders is to grant the members of the Supervisory Board discharge from liability for the performance of their duties during the 2016 financial year. You may now cast your vote.

The votes were cast as follows: 99.781% in favour, 0.219% against and 100 abstentions, so the resolution is adopted.

Now we come to the remuneration of the Supervisory Board.

ITEM 9 PROPOSAL TO ADOPT THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD (RESOLUTION)

Mr Van Gelder: The remuneration for the members of the Supervisory Board has remained unchanged since 2012. However, the demands placed on the members have increased significantly. In addition, a new remuneration policy was adopted for the Executive Board. Assisted by external remuneration consultant Korn Ferry/Hay, the SB remuneration was tested against the 13 peers that were used for the determination of the remuneration policy of the Executive Board, and secondly against the AMX companies. Just as for the Executive Board remuneration, the principle is the lower 25% of the results of these reference groups. The remunerations proposed above will apply for a 3-year period starting on 1 January 2017. Are there any questions about this? As there are no questions, I will now move on to the vote. The proposal to adopt the remuneration of the Supervisory Board. You may now cast your vote.

The votes were cast as follows: 99.962% in favour, 0.038% against and 8,771 abstentions, so the resolution was adopted.

We now come to two voting items on company law matters. These are the authorisation to buy back and issue Vastned shares. If there are any questions, you now have the opportunity to put them to the Executive Board to the extent they have not been answered at the start of this meeting. Are there any questions?

Mr Broenink: Are you actually going to purchase own shares and which percentage of the authorisation will you use for this?

Mr Walta: We are going to use approx. 8%, and this concerns the authorisation under agenda item 11. Whether we will actually be purchasing shares depends on what we are offered by the shareholders.

Mr Van Gelder: Any other questions about this? So let's put the proposals to the vote. Thank you.

ITEM 10 PROPOSAL TO AUTHORISE THE EXECUTIVE BOARD TO ISSUE SHARES (RESOLUTION).

Mr Van Gelder: First the proposal to authorise the Executive Board to issue shares. You may now cast your vote. The votes were cast as follows: 96.932% in favour, 3.068% against and 250 abstentions, so the resolution was adopted.

ITEM 11 PROPOSAL TO AUTHORISE THE EXECUTIVE BOARD TO BUY BACK THE COMPANY'S OWN SHARES (RESOLUTION).

Mr Van Gelder: The proposal before the Annual General Meeting of shareholders is to grant the members of the Executive Board discharge from liability for the performance of their duties during the 2016 financial year. You may now cast your vote.

The votes were cast as follows: 99.781% in favour, 0.219% against and 100 abstentions, so the resolution is adopted.

ITEM 8 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE SUPERVISORY BOARD FOR 2016 (RESOLUTION)

Mr Van Gelder: The proposal before the AGM is to grant authority to the Executive Board to buy back the Company's own shares.

As you know, on 11 April of this year, Vastned announced a tender offer to buy back the company's own shares. In what is known as a 'Dutch auction', Vastned will use a maximum of € 50 million to buy back own shares. The offer period will run from 12 April up to and including 15 May 2017. The actual number will depend on a number of factors, among which the definitive purchase price. If no interim changes are announced, this purchase price will be between € 33.69 and € 35.19 per share.

You may now cast your vote.

The votes were cast as follows: 99.999% in favour, 0.001% against and 250 abstentions, so the resolution was adopted. This is the highest percentage of votes in favour we have achieved so far, I am pleased to tell you.

ITEMS 12 AND 13 ANY OTHER BUSINESS AND CLOSING

Mr Van Gelder: We now come to the final item on the agenda of this meeting: Any Other Business. I hereby offer all present the opportunity to ask questions that have not been addressed so far, if any.

Mr Den Ouden: I am attending this Vastned AGM on behalf of VEB and have read the annual report in full in order to be well informed. What struck me, is that the terms of office of three supervisory directors will end in 2019, when the CEO's contract also ends. With a view to continuity of management, I would like to ask the Supervisory Board to consider whether reappointments might be made at a different time in order to ensure the continuity of management of the Company. I feel such a concentration of possible retirements would be undesirable.

Mr Van Gelder: I think you have a good point there, and we will definitely consider it.

Mr Van Riet: I would like to know whether we have any interest rate swaps.

Mr Walta: We do indeed; they are regular interest rate swaps by means of which we swap floating interests rates for fixed rates.

Mr Wijnands: I have a point of order. The attendees of this meeting have received the minutes of the last AGM, and they are still marked as 'draft'. Is there a reason why they are not yet definitive, or do they still have to be formally adopted?

Mr Magrijn: Formally, the minutes are placed on the website three months after publication, and adopted after three months. Any comments during that period are included. But for the sake of completeness, we have distributed these minutes to allow people to still comment on them. After this meeting, the 'draft' minutes will be replaced by the definitive minutes.

Mr Wijnands: I see, thank you very much.

Mr Van Gelder: Any other questions? If there are no more questions, I would like to thank firstly the people from EY, Mr Kerst and his colleagues. I would also like to thank the Executive Board, Taco and Reinier, and I wish everyone a very successful year. I hereby close the meeting.