ANNUAL REPORT 2014

vastned
Venues for Premium Shopping

CONTENT
VASTNED ANNUAL REPORT
2014

ABOUT VASTNED

REPORT OF THE BOARD OF MANAGEMENT

REPORT OF THE SUPERVISORY BOARD

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ABOUT VASTNED
PROFILE, MISSION, VISION
AND CORE VALUES

PROFILE
Vastned is a European a high street property company focusing on venues for premium shopping and is listed on Euronext Amsterdam (AMX). At year-end 2014 the value of the property portfolio was € 1.5 billion.

Vastned invests in a number of selected cities in Europe and Istanbul, with a clear focus on the best retail property in popular shopping streets ('premium city high street shops'). Premium cities are attractive cities with positive demographic trends, strong purchasing power, a historic city centre, tourist appeal and the presence of national and international institutions and universities. They offer a unique shopping experience due to their authenticity, making these the places where consumers prefer to go shopping and where strong, leading retailers prefer to be present.

This clear focus enables Vastned to offer retailers a large choice of high-quality retail locations in these premium cities. For its shareholders, this strategy ensures more stable and predictable results.

Quality is an important factor not only in the composition of the property portfolio, but also in the organisation itself and in the company's financing strategy. Vastned works with a strong, compact team of specialists (52 fte in total) with a hands-on, proactive and entrepreneurial approach. Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of between 40% and 45%.

VISION
Demand for retail locations in popular shopping cities and streets is rising. One of the reasons for this is that consumers want an appealing physical retail environment. Shopping is increasingly becoming a leisure activity. The cities with the best prospects are those with a historic city centre and a wide variety of shops, cultural institutions and bars and restaurants. They attract not only the city's own residents and people from the surrounding region, but also tourists.

Today's consumers are much better informed about quality and prices of the products and services of their interest as they can orientate themselves online. The online sales channel has changed the function of the physical shop. To be able to attract consumers, the shop must offer more than just the opportunity to buy a product. For customers, being able to buy anything, anywhere, anytime is key.

Strong and leading national and international retailers are increasingly demanding when it comes to the retail space and location, especially since the economic crisis has affected consumer spending and, by extension, retail sales. Aspects like employees, service and innovation are also gaining in importance, as they enable the retailer to distinguish itself.

For retail property investors, it is key to anticipate these developments and offer retailers a broad choice and range of locations in the high streets and shopping cities where consumers prefer to shop. A good location contributes to the retailer's success, which in turn translates into success for the property investor. Strong, successful tenants are a leading factor in securing more stable and predictable cash flows, which is Vastned's stated aim.

MISSION
Vastned offers 'Venues for Premium Shopping': the best retail property in the most popular high streets in a selected number of European cities with attractive historic city centres: 'premium cities'. Vastned strives to provide retailers with high-quality retail locations in popular European shopping cities so that the retailer can reach consumers in the locations where consumers prefer to shop. The appeal of these premium venues will enable Vastned to generate more stable and predictable results, which ultimately benefits all stakeholders.

CORE VALUES
Vastned gives high importance to its core values: pro-activeness, entrepreneurship, result orientation and team spirit. Anticipating tenants' wishes and thinking in solutions is key. Adequate and rapid action is needed to best serve our customers, the retailers, and optimally exploit market opportunities. We are also convinced that we can achieve more by working as a team.

Vastned's objective is to build a high-quality organisation with well-trained employees, marked by professionalism, integrity, entrepreneurship and result-oriented actions.

‘VASTNED STRIVES TO OFFER RETAILERS SHOPPING UNITS OF HIGH-QUALITY IN POPULAR EUROPEAN CITIES’

‘VASTNED OFFERS AN INVESTMENT PRODUCT, WHICH IS PERFECT FOR LONG-TERM INVESTORS SEEKING STABLE AND PREDICTABLE RESULTS’

INTERVIEW WITH TACO DE GROOT

CEO VASTNED

In 2014, Vastned focused on further expanding its position in premium cities. The company invested over € 100 million in properties on popular shopping streets in Amsterdam, Utrecht, Ghent and Lyon. These acquisitions, along with the divestment of non-core assets, are how Vastned will bring about the quality improvement it strives for. At year-end 2014, 60% of the portfolio was made up of premium city high street shops, and the aim is to grow that share to 75%. In spite of the relatively difficult retail climate, the property continued to perform well in 2014. CEO Taco de Groot looks back, and ahead.

CEO Taco de Groot: 'Before I go into the developments of the past year, I would like to thank our shareholders, tenants, advisers and other relations for their support and their confidence in the execution of our strategy. I am grateful to my colleagues for their dedication and the result that we have been able to realise together.'

FOCUS

'In 2014 we continued the strategy we adopted in 2011 to increase our presence in the bigger cities and the best shopping streets. In recent years we have expanded our portfolios in premium cities and divested high-yielding properties, which may not sound like a very bright idea. But high yield also means high risk. I believe that at the end of the day, people who invest in property prefer predictable and stable returns that grow slowly but surely. That is the kind of portfolio we are building now.

In 2014, we acquired more than € 100 million in premium city high street shops in Amsterdam, Utrecht, Ghent and Lyon, like the corner property on te Leidsestraat in Amsterdam, let to The Coffee Company and the Dutch cosmetics retailer Rituals. In line with that focus, we also took the difficult decision - which we have never regretted - to sell part of the Spanish portfolio consisting of seven shopping centres/galleries and a retail park. The transaction, completed in early 2014, has improved our profile among investors and shareholders. There is a better understanding regarding our intentions.'

STRATEGY

'Vastned is like a yacht sailing close to the wind, where everybody perfectly understands their role on board. We are a local player everywhere we operate and our network is of distinctive importance to act quickly and adequately to service our tenants, the retailers, optimally and make use of market opportunities. As a captain, I am responsible for keeping the 'Vastned' on course and getting it safely into port.

Everybody thinks they can sail. But it does help to know all the rules. You have to know when to take risks and when to play safe. The great thing about sailing is that no one has the right of way. You have to give way to other people, and that makes you far more aware of risks. The journey is always more interesting than the goal, and we aren't there yet.'

LONG TERM

'Over the past eighteen months we have been able to attract more and a greater variety of institutional parties. We are the only listed pan-European retail property company focusing on premium city high street shops. The product we offer is perfect for long-term investors who are looking for stable and predictable returns. It sometimes annoys me when people say they want to do a quick in-and-out on the stock market. Each to his own, but property investment is a long-term game.

If there is one thing that is uppermost on my mind, it's that we are dealing with other people's money. I have been an entrepreneur for many years, and I have faced decisions that I lost plenty of sleep over. Every decision we take, we take with other people's money. If I should ever forget that, I would be the wrong captain for the ship, because I would take unjustifiable risks for the owner of the ship and ultimately also for the crew. I am continuously aware of that. I feel privileged that shareholders give me the confidence. To show the market I fully believe in the strategy I became a shareholder myself.'

VASTNED TEAM

'I like to fight tooth and nail to build something beautiful. When we weighed anchor in 2011 and set off on a new course, we said goodbye to some crew members. We replaced people and brought in new blood. Vastned used to be an archipelago of islands, but we have built solid bridges. We diligently assess all potential acquisitions as a team, also when time is short. Our internal communications have become far more direct and flatter, with clear work methods and ethics, but without sacrificing couleur locale. You need a crew with different nationalities on board who speak one language, and that is Vastned's qualitative language. We cherish cultural differences, because they allow us to operate better in local markets.'

RETAIL LANDSCAPE

'We live in hectic times, and when you finally manage to get away on a short break, you're far more likely to buy things. After all, you could buy that gorgeous bag or dress anywhere. But it's just that little more fun to buy it in Paris, Amsterdam or Madrid and celebrate with a lovely meal. In a premium city like Amsterdam, retailers on Kalverstraat, Leidsestraat and P.C. Hooftstraat have seen clear growth from tourism in recent years. So it's not surprising that a company like Inditex is investing between € 2,000 and € 3,000 per m2 in a renovation. They have a perfect concept for displaying and selling their products, which are also frequently updated.

We have properties in our portfolio that need work, after which we could grow rents. That's where you have to think as an entrepreneur. If we ensure that our portfolio is in good order in terms of quality, we will do far better in the long term than with a hit and run approach. Ultimately, we want to have a portfolio consisting of historic retail units in the best locations throughout Europe that are in demand among retailers because consumers like to spend time there. I am convinced that it's not retailers who attract consumers, but the location of the retailer's shop and the surrounding area.'

RETAILERS

'I always wonder about the contradiction between quality and quantity. If I went through the newspapers of the past 30 years, I would be struck by the emphasis that has always been placed on growth. We sometimes forget the playing field where this growth is supposed to occur. If something is squeezed dry to extract more growth, you inevitably sacrifice quality. Size and quantity leave me cold. I'm all about quality, because that's where expertise bears fruit. Whenever you devote attention to a product - and attention means time - you will ultimately create quality.

We see what sets good retailers apart from less successful retailers. You might think of us as food critics. We know whether the food that is being served to the customers has been prepared properly. I can taste if a dish has too much or too little salt, but I'm not a chef. We have approximately 800 shops in our portfolio, occupied by hundreds of retailers in five countries. I think our helicopter view gives us a fair idea of the problems retailers are up against. Even though we are at a stage of very low growth and highly challenging market conditions, there are fantastic retailers who are doing very well by making consumers happy. There is a friendly bookseller in Broese Boekverkopers on Oudegracht in Utrecht who knows I'm a frequent customer. He'll take me to his colleague and ask if they've found the book I was looking for. We share a joke, and the bookseller makes a remark on the book that shows he really knows his stuff. On my way back through the shop towards the checkout, I pick up two more books. I like being there, so I'm more likely to spend money. I'm telling this story to illustrate that you should value the people who come to your shop. Recognise them next time they come in.

There are still retailers who don't consider what consumers want, but reason: "I can buy this for x and sell it for y, and make a profit. Let's cross our fingers that the economy swings up and we get back to employment figures like in 2007." I don't see this happen anytime soon, though. My question is: what have these retailers actually done over the past few years to reach consumers who are cutting back on spending or who are changing their browsing and buying behaviour? Often, this is insufficiently anticipated on by retailers. These retailers face difficulties nowadays and aren't able to distinguish. In the beginning of 2015 there were quite some bankruptcies in the Netherlands. I believe more will follow. For big retailers who have between 1,500 to 3,000 outlets, I suspect that their best decision might be not to pursue more sales, i.e. more of the same. The winning strategy might actually be to close every fourth shop. Some Dutch chains have made the mistake of hiring the same design agency to upgrade and renew two labels. I can tell you that the COS office is based in Paris, not at H&M's head office in Sweden. That's a thought-through decision, because this formula must be totally original. Retailers must ensure that all their formulas have a unique identity. There are still businesses with designated suppliers stocking ten labels, who have a 30% overlap in their range because of centralised procurement policy. But that is history. They have to decide between either closing shops or creating more focus.'

OUTLOOK 2015

'The excellent performance of premium city high street shops in terms of rent increases and an occupancy rate of almost 100% underpin our confidence that in 2015 retailers will continue to want to have a presence in the best spots in popular cities and be willing to pay for that presence. This is an important issue, now that expansion for retailers, both in the mass market and the luxury segments, is no longer a given and retailers are very critical about the location before they open a shop. Our solid basis and financial strength enable us to continue to execute on our growth in premium cities pragmatically and step by step.'

Taco de Groot

POSITION CEO Vastned STANDOUT RETAIL CONCEPT ‘The first Dutch Ted Baker store in Amsterdam. In 2015, they will move into our fully renovated retail unit at Leidsestraat 64-66, on the corner of Kerkstraat. Remarkably, this British fashion formula is a recognisable brand, even though every shop is different. That is respectable. Ted Baker searched the Amsterdam market for several years for a suitable retail unit.’ HIGHLIGHT ‘Le Marais in Paris is a wonderful area to explore and to stay in. It’s something to do with the quality of the buildings - not too imposing. The old Jewish quarter is like a village stuck in time, even though it is part of the Paris metropolis. The retailers are a mix of international companies and local heroes. We don’t have any property there yet, but you never know what might happen.’

FINANCIAL KEY FIGURES 2010/2014

	2014	2013[1]	2012	2011	2010
Results (in € million)					
Gross rental income	96.4	123.2	133.5	132.5	126.6
Direct result	46.5	54.2	62.5	67.0	67.8
Indirect result	(14.8)	(145.4)	(103.5)	29.1	31.4
Result	**31.7**	**(91.2)**	**(41.0)**	**96.1**	**99.2**
Balance sheet (in € million)					
Properties	1,538.8	1,694.4	1,981.0	2,129.0	1,995.5
Equity	866.0	866.2	1,018.4	1,105.7	1,074.9
Equity Vastned Retail shareholders	782.2	784.9	899.7	1,000.4	975.6
Long-term liabilities	641.8	580.9	753.0	835.7	686.9
Average number of shares in issue	19,036,646	19,036,646	18,876,591	18,574,595	18,409,519
Number of share in issue (at year-end)	19,036,646	19,036,646	19,036,646	18,621,185	18,495,220
Per share (x € 1)					
Equity Vastned Retail shareholders at the beginning of the year (incl dividend)	41.23	47.03	53.66	52.75	51.42
Final dividend previous financial year	(1.63)	(1.54)	(2.52)	(2.58)	(2.78)
Equity Vastned Retail shareholders at the beginning of the year (excl dividend)	**39.60**	**45.49**	**51.14**	**50.17**	**48.64**
Direct result	2.44	2.85	3.31	3.61	3.68
Indirect result	(0.77)	(7.64)	(5.48)	1.56	1.71
Result	**1.67**	**(4.79)**	**(2.17)**	**5.17**	**5.39**
Other movements	0.55	1.45	(0.70)	(0.53)	(0.18)
Interim dividend	(0.73)	(0.92)	(1.01)	(1.09)	(1.10)
Equity Vastned Retail shareholders at year-end	**41.09**	**41.23**	**47.26**	**53.72**	**52.75**
EPRA NNNAV	40.42	41.17	47.70	55.07	54.14
Share price (at year-end)	37.45	32.99	32.75	34.60	51.98
Dividend in cash	2.00[2]	2.55	2.55	3.61	3.68
or in cash	-	-	-	1.09	2.43
and in shares charged to the share premium reserve	-	-	-	7.75%	2.56%
Solvency ratio (in %)	56.5	51.5	51.5	52.6	54.6
Loan-to-value ratio (in %)	40.3	44.6	43.9	43.1	41.4

1 Amended following IAS19R
2 Subject to approval of the Annual General Meeting of shareholders


Pepe Jeans
THE ORIGINAL
DENIM BRAND
TRADING CO.
SALIDA

KEY FIGURES
PROPERTY PORTFOLIO

	The Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Number of tenants [1]	526	102	154	20	9	**811**
Theoretical gross rental income (in € million) [2]	45.6	17.8	20.9	4.3	8.3	**96.9**
Market rent (in € million) [2]	44.9	18.9	20.4	3.7	8.5	**96.4**
(Over-)/underrent (in € million)	(1.4)	4.9	(2.3)	(15.2)	2.9	**(0.5)**
Average occupancy rate (%)	96.0	97.5	95.9	96.0	99.0	**96.6**
Occupancy rate at year-end (in %)	97.3	96.5	97.9	100.0	99.3	**97.6**
Number of properties (including pipeline)	253	60	69	16	9	**407**
Property including pipeline (in € million)	649.7	331.6	356.5	68.7	132.3	**1,538.8**
Property including pipeline (in %)	42.0	22.0	23.0	4.0	9.0	**100.0**
Average size property including pipeline (in € million)	2.6	5.5	5.2	4.3	14.7	**3.8**
Lettable floor area including pipeline (in '000 sqm)	203.2	41.7	112.2	10.8	13.1	**381.0**
EPRA topped-up net initial yield (in %)	5.6	4.6	5.1	5.7	5.9	5.3
Sector spread including pipeline						
Premium city high street shops	45	81	49	67	100	**60**
High street shops	30	16	19	21	-	**21**
Non-high street shops	25	3	32	12	-	**19**
Average rent per sqm (in € 1)						
Premium city high street shops	479	620	410	1292	631	**535**
High street shops	215	317	307	333	-	**241**
Non-high street shops	152	149	104	151	-	**132**
Occupancy rate at year-end 2014 (in %)						
Premium city high street shops	99.0	98.5	100.0	100.0	99.3	**99.1**
High street shops	95.9	97.3	93.8	100.0	-	**96.0**
Non-high street shops	97.1	76.8	97.7	100.0	-	**96.2**

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


LOUIS VUITTON
LOUIS VUITTON
60


14

ANNELOU DE GROOT
COUNTRY MANAGER NETHERLANDS

With a value of € 650 million, the Netherlands is presently Vastned's biggest portfolio. In her first year as country manager, Annelou has made a real impact.

NEW REALITY
'We currently have 45% of the portfolio invested in premium city high street shops. Our goal is to grow this share substantially. It's a step by step process. In today's market, selling takes just as much effort as buying. In 2014, we acquired assets for about € 70 million and expanded our clusters in Amsterdam and Utrecht. We divested properties in smaller towns for approx. € 13 million.
The Amsterdam high street portfolio grew as a result of acquisitions and positive value movements to € 107 million and is clusters around the P.C. Hooftstraat, Leidsestraat, Heiligeweg and Kalverstraat: the popular shopping streets of Amsterdam. In Utrecht the portfolio was expanded to € 65 million through the acquisition of Steenweg 28 and the three adjacent retail units on Steenweg 22-26. In Maastricht the portfolio grew to € 21 million.'

FOCUS
'In 2014 we have mainly been working internally and externally to turn the organisation around from reactive to proactive. When I find myself in the high streets, I check the bags people are carrying. Which retailers are performing well, which retailers should Vastned focus on, and which retailers, but also shopping streets might go under?
This year a real focus was put on apartments by appointing a dedicated team to it to further optimising the possibilities of creating residential space above shops. It contributes to the safety and liveability of the city centre and we optimise our yield on the portfolio.
In this context we have converted the top floor of the recently acquired Sissy Boy property in Utrecht into studios for young professionals.'

ENTERPRISE
'I am also closely involved in renovations. A good example is one of our shops in premium city The Hague. De Plaats is an attractive food and drinks square with Nespresso and Bagels & Beans, Suitsupply, Dille & Kamille, John Edward and jeweller's Steltman. Some time ago, our unit at Plaats 25 became vacant. The floor of the shop had a slight upward slope, and on either side of the entrance narrow displays were raised, in wich you cannot 'shop'. I called the technical manager right away and told him we would have to level the floor to optimise the retail space.'

HIDDEN GEMS
'I think in terms of opportunities. In Amsterdam in the summer of 2014 there was an opportunity to redevelop our premium city high street shop at Leidsestraat 64-66 formerly leased by Replay. That unit was a hidden gem. We hired an architect to make drawings and assessed the investment. We added the first floor and took out the split level. We prepared an exhaustive investment memorandum for the lease of the property, only leaving the rent level blank. This proposal we divulged to a selected number of estate agents. These agents were then allowed to offer it to a retailer and suggest a rent level. Within just three weeks, five came up with a prospective retailer and interesting offers. Ultimately, the annual rent will be about 2.5 times higher, and we will have the first shop of Ted Baker in the Netherlands, which will raise the popularity of Leidsestraat further still.'

Annelou de Groot

WORK LOCATION Rotterdam POSITION Country Manager Netherlands since January 2014 BACKGROUND 'From 2006 to the end of 2013 she was director at Dynamis, the Dutch national alliance of twelve major regional estate agents.' NEW RETAIL CONCEPTS 'Food formulas are developing into retail concepts, and that benefits the diversity of shopping streets. I am a big fan of the international franchise chain Le Pain Quotidien. I would love to be able to welcome this formula with its traditional craftsmanship.' HIGHLIGHT 'My very first acquisition for Vastned, a wonderful high street shop in Den Bosch. In October 2014, Zara moved into a fully refurbished double property at Schapenmarkt 17-19.'

OUTLOOK 2015
'Throughout the coming year, we will be focusing in particular on getting even closer to our tenants, our portfolio and our market opportunities. These are some of the reasons why we are able to keep a tight grip on our portfolio. Market opportunities for selling and buying rarely materialise out of thin air. It is our strength and our objective to (continue to) actively seek them out.'

THIERRY FOUREZ
COUNTRY MANAGER FRANCE

After the major reshuffle of the past three years, Vastned France led by country manager Thierry Fourez is focusing on expanding the premium city high street shops portfolio.

FOCUS

'The rationalisation of our portfolio over the past three years is nearly finalised with the sale of 35 non-core retail units in smaller cities for about € 45 million. This transaction, amongst others, helped to increase the share of premium city high street shops from 42% year-end 2011 to 81% at year-end 2014 and improved the occupancy rate from 94.3% year-end 2011 to 96.5% at year-end 2014. The current portfolio is robust and able to with-stand any challenges the economy might present us with.

We can now focus on premium city high street shops with a higher occupancy rate in a smaller number of selected bigger cities. We will also prioritise value creation in our existing properties. For a number of properties in cities including Nancy, Paris and Bordeaux we are looking at ways to make optimise use of space.'

FRENCH ECONOMY

'Purchasing power took a serious hit caused by tax rises in early 2014. Consumer confidence is low and spending stagnated. Furthermore, a law has been passed that gives tenants more rights (Pinel law). So in the very short term there is little ground for optimism about macroeconomic developments, but experts believe the French macroeconomic situation should improve in 2016. Looking at the retail property market, however, we see that prime locations in big cities are getting scarce. Step by step, necessary reforms are being realised, but at a frustratingly slow pace. There is ongoing debate about Sunday shopping. At present, most of the shops in Paris must close on Sundays. Paris attracts more than 32 million tourists per year from all over the world, so shouldn't we allow retailers to be open on Sundays if they want to? The answer is clearly YES.'

Thierry Fourez

WORK LOCATION Paris POSITION Country manager France since September 2012 BACKGROUND In 1989 Thierry started his career in real estate followed by the food retail business. After 12 years he left McDonald's for baker's chain PAUL and then moved over to luxury patisserie Ladurée as Head of International Business Development. Before he joined Vastned he had several senior management positions at Starbucks. NEW RETAIL CONCEPTS 'The biggest event was the arrival of Primark to France with five stores in the first seven months of 2014. Forever 21, which opened a store on Rue de Rivoli in Paris, is said to have forked out for an additional shop on Boulevard Haussmann across from Le Printemps. Uniqlo opened a unique flagship store in an old foundry in the heart of Le Marais in Paris, and recently the arrival of Galeries Lafayette on the Champs Elysées was announced.' HIGHLIGHT 'In July 2014 we made our second acquisition in the historic city centre of Lyon, a high street shop on luxury shopping street Rue Édouard Herriot. The prominent corner property is leased to Sandro. Not long after, we bought the retail unit next door, which is leased to Cosmo Paris, from the same owner.'

RETAILERS

'The outlook for 2015 is bright in some respects: retailers are actively restructuring their portfolios by closing and relocating shops and by renegotiating leases. Paradoxically, in 2014 we have seen many new brands enter the French market, but only in premium locations in Paris or the biggest regional capital cities. The contrast between good and bad locations / small and big cities has never been so apparent. Michael Kors is looking for options for expansion. British brand JD Sports is active on premium shopping streets in Bordeaux and Marseille, and H&M is aggressively expanding its other brands COS and & Other Stories. Despite the actual economic environment, all these retailers are convinced of the potential of the French market in the medium and long term and of its stability over time.'

OUTLOOK 2015

'We need to finalise our portfolio rationalisation and expand our portfolio in 2015 with a clear focus on Paris. Investment opportunities are rare and we need to select for quality and rent uplift potential. The best business opportunities will come from our local network and our research. Our strengths are: clear strategic focus, market knowledge, a local network and pro-activeness. We know our strengths, but we also know that we must be modest and prudent in these times of rapid change.'


H&M

JEAN PAUL SOLS

CEO OF VASTNED RETAIL BELGIUM

Vastned Retail Belgium has its own listing, but follows the same strategy. CEO Jean Paul Sols explains how his organisation in 2014 achieved its objective of raising the quality of the portfolio.

NEW REALITY

'Retailers are well aware that their flexibility towards consumers must improve. The rise of e-commerce, m-commerce and technological developments in store show that the customer is king. As to our 'solden', our strictly regulated sales seasons, there is an ongoing debate between retailers and politicians about liberalisation in order to be able to serve consumers better. Tourist attraction is also gaining in importance for retailers. Antwerp has approved Sunday shopping as of September 2014 to accommodate tourists.'

FOCUS

'The divestments of 14 retail units clearly enhanced the quality of our portfolio. The share of premium city high street shops increased from 39% to 49% in Belgium and the occupancy rate increased to 97.9%. We are cutting back our portfolio in order to be able to grow in premium cities Ghent, Antwerp, Bruges and Brussels. We now have roughly 200 retail units. 72.6% of our high street shops is on premium city high streets. We see that anything that is top quality will go up in value. These are retail units in the best shopping street locations that stand out in terms of architecture, functional aspects or how customers experience the shop.'

ACQUISITION

'We are delighted with our acquisition of the premium city high street shop on the corner of Veldstraat and Bennesteeg in Ghent. The shop, which is leased to H&M, is located in the very best part with an average weekly footfall of 150,000. The property is eminently suitable for division into three retail units at some point in the future.'

Jean Paul Sols

WORK LOCATION Antwerp POSITION CEO of Vastned Retail Belgium since 2000 BACKGROUND Previously worked for property investor Rogib and Immobiliën Hugo Ceusters. NEW RETAIL CONCEPTS 'There is more demand for pop-up stores on so-called access streets, which I encourage, because they bring innovation to the big cities and liven up the streets with a greater variety of creative concepts.' HIGHLIGHT 'In Antwerp we have realised a step change in quality with the arrival of G-Star on the Huidevetterstraat. It is the second biggest G-Star shop worldwide, and an all-out flagship store. G-Star is delighted with our retail unit, which has an extra wide façade in a busy spot. The G-Star shop is on the Huidevettersstraat, which is the ideal transitional street between the mass market businesses on Meir and the luxury brands on Schuttershofstraat.'

RETAILERS

'There are several different views on the future of retail. In 2014, I have mainly seen confirmation of a trend of 'increases of scale', illustrated by Primark opening stores in Ghent and Brussels. It's a tell-tale sign that online retailer Coolblue is opening a physical shop in Antwerp; this points to the fact that online and offline shops will grow together and that physical shops are not going to disappear. The point is to serve the customer best, and a shop is a crucial ingredient in that.

Retailers embrace our focus on big cities and higher quality, which is quite a turnaround from two years ago. What we're now seeing, is polarisation between top quality and mediocrity. For example, we own two retail units on Schuttershofstraat in Antwerp. This year until the end of October, 20 new leases were signed and 14 new brands added to this street. Our 'P.C. Hooftstraat' remains the place to be for luxury brands and fashionistas. And that obviously drives the high rents that are realised here and the value of the property. In Ghent, the municipality is investing in urban renewal projects to further improve the city centre and make it more attractive. International chains are increasingly choosing Ghent for their flagship stores.'

OUTLOOK 2015

'As an access road, Zonnestraat in Ghent is benefiting from the nearby quality upgrades. Ultimately, a shopping and pedestrian area will emerge extending from Zonnestraat along Kouter and Brabantdam all the way to the Zuid shopping centre. We are currently redeveloping a property on Zonnestraat, where AS Adventure, a leisure specialist in the higher segment, will open a city store, possibly as early as 2015.

Additionally in 2015 we will be focusing on quality improvement. We will continue our divestment programme, endeavouring to align it with acquiring properties in top locations.'


BBVA

LUIS VILA BARRÓN

REPRESENTATIVE SPAIN

The Spanish economy is gradually coming out of recession. Consumer confidence is recovering and consumer spending gradually increasing. This is good news for Luis Vila Barrón who, in his new role as representative of Vastned's Spanish portfolio, is fully focused on acquiring positions in the premium cities like Madrid and Barcelona.

NEW REALITIES

'The organisation has changed beyond recognition. In the negotiations on the sale of the seven Spanish shopping centres/galleries and a retail park, which used to comprise 85% of the portfolio value, retention of employment of the then Spanish Vastned team was a key demand on our part. I have found that the market is highly appreciative of the professional way in which we concluded this major transaction of people and assets in March 2014.'

FOCUS

'Vastned is the only listed European property company focusing on premium city high street shops. Purchasing power is rising, both in Madrid and in Barcelona, as is the supply of premium retailers. We look exclusively at acquiring properties in the best streets in locations where sales are good. In premium city Madrid we let four high street shops, to Salvatore Ferregano on Calle de Serrano, to Pepe Jeans and Crocs on Calle Fuencarral and to Real Madrid Official Store on Calle del Carmen.'

SPAIN

'Employment has gone up again. In 2015, the Spanish economy will grow with 2% following the 1.4% in 2014, is the expectation of the Spanish Central Bank. International investors once again have their eyes set on Spain. The number of days of Sunday shopping is expanded, and opening hours have increased - in the Madrid region restrictions on opening hours have in fact been lifted entirely. And the procedure for opening a business has been simplified; getting a licence takes no longer than six months.'

Luis Vila Barrón

WORK LOCATION Madrid POSITION Representative of the Spanish property portfolio BACKGROUND Until the sale of the seven shopping centres/galleries and a retail park at the beginning of 2014, he worked for ten years as Vastned's country manager Spain. Since last September, he works free-lance for Vastned with his company Santa Marina Retail & Real estate SL. NEW RETAIL CONCEPTS 'Three food markets in the heart of Madrid, Mercado San Miguel, Mercado San Anton and Mercado San Ildefonso, have been transformed from traditional fresh food markets to meetings spots with restaurants, bars and leisure, supplemented by fresh food shops. They perfectly complement the retail supply in the immediate surroundings. People come here to see and be seen.' HIGHLIGHTS 'We do not yet have any retail property in Barcelona, so I go there and knock on doors and find out who the owners are of the retail units in well-known shopping streets. Among Spanish people, Barcelona is a major destination for a short break, but not just for them. It is one of the ten most popular cities for tourists in the world.'

INTERNATIONAL RETAILERS

'The Spanish retail sector is strong, and it features more or less the same players as in the rest of Europe. Amazingly, with "only" 40 outlets, Primark has beaten Zara in its home market in 2014 by selling a greater volume of clothes. Zara is now closing dozens of smaller shops, and opening bigger stores that stock the full range of its products. In April, the company opened a flagship store on Calle Serrano in Madrid. New international brands are also moving into the Barcelona and Madrid markets, like for example Brooks Brothers from the US, Scotch & Soda and Hema from the Netherlands, Liu Jo from Italy and two Apple Stores.'

OUTLOOK 2015

'In my new role as an entrepreneur, I will continue to look for premium city high street shops in the popular shopping streets of Madrid and Barcelona for Vastned in 2015. Demand from both retailers and investors is the strongest in the higher segment. Property owners rarely sell, and only to the highest bidder. We are not in a hurry, and work pragmatically, step-by-step.'


ARMANI/ISTANBUL

BORA KARLI
COUNTRY MANAGER TURKEY

With nine retail units in premium city Istanbul, Turkey comprises 9% of Vastned's total portfolio. These units are sizeable shops on five of the best shopping streets in Istanbul, and vacancy is negligible.

NEW REALITY
'2014 began with a dramatic fall of the national currency, the Lira, revealing the toll of the political instability of 2013. The general consensus was that local elections in March 2014 and the presidential elections in August would put further pressure on growth, but that has not happened. This lower exchange rate created only limited problems for us, because our tenants pay their rents in euros. For retailers it meant that their rent expenditure in real terms increased in 2014, because their turnover is in lira, but their rent in euros. In the meantime the lira recovered somewhat again against the euro.'

FOCUS
'Along a stretch of 1.7 kilometres, every square metre of retail space is let. Here you can find anything you want, any time of day. Istiklal Caddesi is one of the shopping streets Vastned focusses on.'

RETAILERS
'In the first quarter of 2014, the first Apple Store opened its doors in the hypermodern shopping centre Zorlu Center AVM. At the end of 2014, the second outlet on the Asian side of Istanbul opened in Akasya Shopping Mall in Acibadem, Kadikoy. Although it's a good sign that Apple has consciously chosen Istanbul, I know that they really wanted a suitable location on one of the high streets. Hamley's, Crate & Barrel, Kidzania, Carpisa and Fauchon have also started up off the high street in the first quarter of 2014. This is because there are more than 100 shopping centres in Istanbul, while the supply of high street shop is limited. Practice teaches us that when international brands are successful in a shopping centre, and a location opens up on the high street, they will want to move there, even though rents are far higher.'

Bora Karlı

WORK LOCATION Istanbul POSITION Country manager Turkey (Istanbul since 2007 BACKGROUND He started his real estate career with ECE Turkiye. After which he acquired retail property for TESCO Kipa for 2.5 years. When Vastned entered the Turkish market in 2007, he joined the company. NEW IN 2014 'Demand from international formulas and Turkish brands for more shops on Istiklal Caddesi is rising by the day. The access shopping streets are benefiting from this scarcity in the market.' HIGHLIGHT 'One of the key events this year was the opening of the Armani Store in September 2014. The Armani Store is a new icon with an impressive façade and a striking interior. The shop is one of the four concept stores of Giorgio Armani in the world, selling all its brands on 1,800 m² of retail floor space on six floors. We are actually quite proud of that.'

OUTLOOK 2015
'There will be parliamentary elections in the spring of 2015, but no one is expecting any surprises. The anticipated 3.4% rise in purchasing power offers excellent prospects for economic growth, although consumer organisations are warning for a possible negative impact from a further rise of energy prices on inflation, which is already very high at 8% to 9%, of approximately 0.5%.
Oxford Economics forecasts that consumer spending in Turkey will increase annually by 2.4% up to and including 2016. In retail, especially the personal care and accessories, home decoration and culture, art and entertainment segments are expected to continue to grow. That's why I anticipate that the rents on premium high streets will continue to rise. The volume of shops in Istanbul in the second quarter of 2014 increased to 261 sqm per 1000 people per square metre. JonesLangLasalle forecasts that this number will rise to 319 sqm per 1000 people by the end of 2017.'

MANAGEMENT TEAM

TACO DE GROOT (1963)

Nationality: Dutch
Position: Statutory Director, CEO
Joined Vastned: 1 September 2010
Current position: 1 September 2011
Vastned shares: 51,051

Other positions
Supervisor Dutch Society for the protection of Animals, The Hague

Previous positions
2009 – 2013: Non-executive member of MSeven LLP Real Estate and Fund Management, London
2009 – 2010: Partner fund manager MSeven LLP Real Estate and Fund Management, London
2004 – 2009: Founder and CIO of GPT Halverton LLp, London
2003 – 2012: Supervisoy Board member Habion, Houten
1997 – 2004: Chief Executive Officer Cortona Holdongs B.V., Amsterdam
1990 – 1997: Letting and Investment Property Agent with DTZ Zadelhoff, Utrecht

Education
Dutch law, Utrecht University
Real Estate and Investment Economics, University of Amsterdam/ Amsterdam School of Real Estate

REINIER WALTA (1974)

Nationality: Dutch
Position: Statutary Director and CFO
Joined Vastned: 1 November 2014
Current position: 24 November 2014

Previous positions
2011 - 2014: Senior Transaction Manager at Abu Dhabi Investment Authority
2008 - 2011: Director Investor Relations at ING Real Estate Investment Management
2003 - 2008: Senior Tax Manager at ING Real Estate
1999 - 2003: Real estate tax consultant at PWC

Education
Tax law at the Erasmus University Rotterdam and Master of Studies in Real Estate (MSRE) at the Amsterdam School of Real Estate

ARNAUD DU PONT (1966)

Nationality: Dutch
Position: Managing Director Investments and Operations
Joined Vastned: 1 January 2000

Previous positions
1997 – 1999: Tax consultant PwC, Rotterdam
1995 – 1997: Tax consulant BDO, Rotterdam

Education
Tax law, Erasmus University Rotterdam

MARC MAGRIJN (1980)

Nationality: Dutch
Position: General Counsel / Tax Manager
Joined Vastned: 1 January 2012

Previous positions
2009 – 2011: Tax consultant Ernst & Young, The Hague
2005 – 2009: Tax consultant Deloitte, Rotterdam

Education
Tax law, Erasmus University Rotterdam

ANNEKE HOIJTINK (1980)

Nationality: Dutch
Position: Manager Investor Relations
Joined Vastned: 1 November 2012

Other positions
Board member Dutch Investor Relations Association (NEVIR)

Previous positions
2009 – 2012: Manager Investor Relations BinckBank, Amsterdam
2008 – 2009: Investor Relations Officer Achmea, Zeist
2006 – 2008: Trainee analyst Financial Markets ICC, Utrecht

Education
International Economics and Finance, University of Tilburg and International Business and Management Studies, Arnhem Business School

SUPERVISORY BOARD

DRS. WOUTER J. KOLFF (1945)

chairman

Position: retired; formerly vice-chairman of the Board of Rabobank International

Nationality: Dutch

Supervisory directorships/other positions

Strategic Global Advisor YesBank India

DR. PIETER M. VERBOOM (1950)

vice-chairman

Position: Chief Financial Officer RFS Holland Holding B.V and former Chief Financial Officer/Executive Vice President Schiphol Group.

Nationality: Dutch

Supervisory directorships/other positions

Vice-chairman of the Supervisory Board of Tennet Holding B.V.;
Member of the Enterprise Chamber;
Chairman of the Board of Governors of the Master Programme Register Controller at Erasmus University Rotterdam;
Member of the Supervisory Board of the Brisbane Airport Company;
Adviser for John F. Kennedy Airport, New York; and
Adviser of 'The New CFO Program' of Erasmus University Rotterdam

JEROEN B.J.M. HUNFELD (1950)

Position: retired; formerly Chief Operation Officer Koninklijke Vendex KBB and former chairman of BBDO Nederland

Nationality: Dutch

Supervisory directorships/other positions
Member of the Supervisory Board of Vroegop & Ruhe N.V.;
Member of the Advisory Board of Verenigde Bedrijven Nimco B.V.;
Member of the Supervisory Board of Deltaclip B.V.;
Chairman of the Supervisory Board of Infostrada Information Technology B.V.

MR. MARIEKE BAX MBA (1961)

Position: adviser to the Board of KPMG N.V.

Nationality: Dutch

Supervisory directorships/other positions
Board member CLSA B.V.;
Member of the Supervisory Board of Corbion Nederland B.V.;
Member of the Board of Trustees of the Frans Hals museum;
Member of the Board of Trustees of De Kleine Komedie and Fonds Podiumkunsten;
Advisory Board Professional Board Forum;
Member of the Board of Governance of Governance University; and
Member of the Advisory Board of the Zuidas Institute for financial law and business law

JEROEN LOKERSE
CUSHMAN & WAKEFIELD
MANAGING PARTNER THE NETHERLANDS

Cushman & Wakefield's added value is its continuous focus on providing top-quality services. The basis for this lies in its values of commitment, integrity and professionalism. The third biggest property adviser in Europe has frequently advised Vastned over the past few years, both on acquisitions and on disposals. Jeroen Lokerse heads up the Dutch office.

NETHERLANDS

What is great about our Dutch retail market is that we can play a leading role in an international perspective. The finely meshed retail structure of the Netherlands is second to none. It offers unique opportunities to respond to the changing role of shopping, working and living. I have often been told that shopping areas are getting far too uniform. And it's true that there are cities whose retail areas are almost identical, but new entrants can change that situation. This development is especially interesting for young consumers who are prepared to spend a little more.

INTERNATIONALISATION

Retail internationalisation in European cities is progressing at a fast pace, and this is causing structural changes. Countries are no longer relevant. What is important, are cities that are rejuvenating. Social media are gamechangers in this respect. Rent prices used to be dominated by what was customary in local markets, but nowadays what one's neighbour pays in rent or where they are located is losing importance. Brands like Apple are very adept at analysing where their customers are and where they like to spend their money. After its success on Kalverstraat in Amsterdam, Forever 21 is looking to open a second outlet in a major Dutch city. Both these brands are broadening their perspective and basing their investments on sales potential in markets such as the Netherlands.

TOURISM

One thing that has struck me is that retailers in the Netherlands have tended to underestimate the importance of tourism. Over the next 10 or 20 years, the European economy won't grow as fast as the rest of the world, but the potential in Europe is huge. Millions of tourists from outside Europe are keen to spend their money in our cities. Up-market formulas and brands in particular view tourism as one of their main drivers. Value increases in this segment have been significant over the past few years, although private equity parties have tended to overlook it. In economic growth cycles, the luxury retail market always grows fast and in recessions it declines more slowly. That is why I fully support Vastned's premium city strategy - the market potential for high street shops in the most popular streets in Europe is huge, with rising rents and higher visitor numbers.

Large shopping areas are getting more attractive. It's pointless to keep talking about the triangle formed by Amsterdam, Rotterdam and Utrecht. The Randstad has a population of almost 7 million, and that makes it a big player on the world stage, with Amsterdam as its financial and cultural centre. That is why we should be promoting ourselves to international retailers as The Randstad. By the way, Amsterdam is seriously underrated as a city. Prices are far too low compared to its turnover potential. Part of the reason for that is that we do not have insight into sales by shopping street and shopping centre.

OUTLOOK 2015

Internationalisation will continue. The capital and financing markets have taken the lead; the user markets are lagging behind, but they will pick up. The residential market is recovering, and net disposable incomes will increase as housing expenses fall.

WORK LOCATIONS **Amsterdam and Rotterdam** BACKGROUND **Jeroen Lokerse has over 15 years' experience in the property sector. The macroeconomist has been involved in over 100 national and international transactions with a total value of over € 5 billion. Lokerse became a partner with Cushman & Wakefield in 2007, and in October 2012 took on operational responsibility for its Dutch branch.** FOCUS **I am genuinely interested, both personally and professionally, in the viability of retail formulas, and in how we as retail specialists can contribute to optimising sales potential. It's a matter of fundamental, structural transformations and changes. How can you persuade consumers to spend their money in your shop, and how do retailers and owners go about investing in order to optimise turnover? In the present market, you can make the difference between profits and losses by making real choices.** TOP BRAND **Apple. Its combination of guts, innovation and discipline is truly astonishing. This should teach us that when the basics are right, small can become very big and big can remain innovative. Retailers should take their lead from Apple. After all, the company did not start out as a retailer. It never compromised on quality and on customer experience.** FAVOURITE SHOPPING STREET **The SoHo-Cast Iron district in New York. The area has stunning architecture, with traditional cobblestone streets combined with the dynamism and sounds that are typical of New York. It has lovely restaurants, local boutiques, but also international retailers like Apple and Patagonia, my favourite brand.** FAVOURITE CITY **Amsterdam, by far. I live in Amstelveen, but I feel I am an Amsterdammer. I feel both at home and like a tourist, because I can enjoy the beauty, the sense of safety and the bliss of a boat tour on the canals. It is genuinely relaxing.**

MARIAN HOGESLAG
DOUBLEDIVIDEND
PARTNER

The best shareholder is a committed shareholder who asks questions based on genuine interest and professionalism. Marian Hogeslag (48) of DoubleDividend follows developments in property companies from her background in corporate finance and private equity. 'Property needs two things: economic growth and people.'

STRATEGY

The business highlight of 2014 for me was the merger of my company with DoubleDividend, an entrepreneurial and independent partnership. We have active investment funds with absolute return targets and clear risk profiles, which set us apart from 'index trackers' and 'index huggers'. For our property fund, we take no more than 20 to 30 positions. In property, we believe that quality makes the difference. We make real choices. We don't believe in B quality offices or in shops in secondary shopping streets. We invest in city centres, in dominant shops and residential properties. Only a small part of our portfolio can be used for opportunistic investment. That is what our stake in Vastned is, because the property company is still in the middle of a transition.

VASTNED

We fully subscribe to the strategy Taco de Groot and his team are pursuing. They are well under way, but I'd like them to move even faster. The scarcity of the premium cities product remains a concern for Vastned. Fortunately, there are many rich families whose estates must be divided among the heirs. That offers opportunities to acquire retail units on the best shopping streets. In the investment world, people often scoff when a property company buys a retail unit at a low initial yield. But in fact, what is important is the total return and the rent growth you can achieve with active management. That is why we agree with Vastned's focus to invest on prime locations in major city centres.

SUSTAINABILITY POLICY

Our organisation strives for financial, but also for social returns. You have to put your money where your mouth is. For example, we expect transparency from companies. Annual reports get ever bulkier, but how much do companies really disclose about their risks and how they address them? All too often, they just gloss over them.

Brussels is right to ask: 'What is shareholder commitment?' That is why we are a member of Eumedion, a foundation which represents the interests of some 70 institutional investors and aims to improve the governance, environmental and social performance of listed companies. To us, this means monitoring property companies on points of improvement in accordance with ESG criteria (environmental, social, governance). We believe for example that Vastned should lay down its sustainability policy. In top locations like P.C. Hooftstraat in Amsterdam, where Vastned has positions, there is certainly scope to talk to tenants about sustainability. Investments in sustainability result in like-for-like reductions in energy and water usage and CO_2 emissions in real terms. In respect of corporate governance, we fully support the - proposed - changes on the Supervisory Board.

FOCUS 2015

We intend to grow further. As of 1 January 2015, we can also take selected positions outside Europe, but our focus will remain within Europe. Our fund is listed on Euronext in Amsterdam as of 2 January 2015. DoubleDividend is getting highly positive feedback from private entrepreneurs and foundations, because we are fully committed to quality, because as investors we are in it for the long haul, and because we are independent.

WORK LOCATION Amsterdam BACKGROUND After graduating in French language & literature and History, Marian Hogeslag worked for investment banks abroad for fourteen years specialising in investments, mergers and acquisitions. In 2014, her company ActivInvestor merged after ten years with DoubleDividend, a management company of investment institutions, which offers responsible fund management. Hogeslag is co-author of the book 'Goldmine. Everything women should know about money' (in Dutch). She writes regular columns about property for IEX. FOCUS As long-term investors, we want to guarantee our investors that a listed property company will still be around in the long term. Such a company has to be led by people who can explain what they are doing in one sentence. I firmly believe in focus; you simply cannot do everything at the same time. At the end of the day, it's all about the quality of the bricks, the quality of the team, and a healthy balance. TOP BRAND Colette on Rue Saint-Honoré in Paris is a shop I am happy to go out of my way for. It's a place where you, as a consumer, really feel how a retailer can make a difference. Since it opened for business in 1997, it has been a trailblazer in fashion and as a concept store it has always had the courage to continuously innovate. FAVOURITE SHOPPING STREET I don't like shopping centres; I look for full entertainment. I really like Covent Garden in London. It's a complete experience to me. When I'm there, I'll stay all day if I can. I'll visit a museum, I'll browse a few shops, but mainly I'll have a drink and a good meal. FAVOURITE CITY Paris is so familiar to me, because I lived there for a while. The city has so much 'joie de vivre', and an inner beauty that I've never found anywhere else.

JEAN-MARC GAUCHER
REPETTO
CEO AND CHAIRMAN OF THE EXECUTIVE BOARD

Repetto's origins lie in 1947, when Rose Repetto designed ballet shoes for her son with a ground-breaking technique. The business really took off when former ballet dancer Brigitte Bardot gave the brand international publicity in 1956 by wearing specially designed pumps. In fifteen years, CEO Jean-Marc Gaucher has dusted off the French ballet icon and transformed Repetto into an international luxury fashion house whose timeless elegance has made it the darling of stars. The lifestyle brand is sold in 80 boutiques in over 60 countries.

STRATEGY
'After taking over Repetto in June 1999, it took me six months to formulate a clear vision in just four sentences. My mission was to become a world leading brand; with exclusive and unique products; representative of and closely connected to the world of dance; positioned in the luxury segment.
We are the only brand from the dance world that is building a brand in the fashion world. One of the ways we do that is by collaborating with designers like Yohji Yamamoto, Comme des Garçons, Issey Miyake, Rodarte and Karl Lagerfeld. I want to make the brand so attractive that one day a fashion house with luxury brands wants to take it over.

INTERNET
For us, the challenge is to find growth through the Internet. Young people don't buy magazines anymore, and don't shop much. In 2011 we launched our website, and two years ago our web store. We sell online in Europe, and since recently also in Japan, China, the US and Brazil. We do a lot online and with digital media, but we realise that it is easier to tempt consumers to experience our brand in the shops.

SHOPS
We have found that it is difficult to create the unique Repetto experience in multi-brand stores outside France, so we prefer to open our own boutiques. Our shop in Bordeaux at Cours de l'Intendance 47, which is owned by Vastned, is a true experience. It's like walking into a ballet school. You should know that 60% of our 150 employees have been dancers or still dance professionally. Our customers do not want to see traditional sales staff in our outlets.

LINE AND BRAND EXTENSIONS
Fifteen years ago, we made 200 pairs of ballet shoes a day, and the financial situation was completely different. Since then, we have grown by 15% every year. We now produce 7000 pairs for the world market every day, with six new collections every year. We also sell leather bags, dance apparel and sneakers. Eighteen months ago, we launched our first clothing and perfumes line for the world market. We don't copy what others do. There has to be a legitimate connection to the dance world. In January 2014, we started a training school for making shoes and bags close to our plant in Saint Médard d'Excideuil in the department Dordogne Perigord, in collaboration with Hermès.

FOCUS IN 2015
Asia remains our biggest growth market. In March we opened our ninth Chinese outlet in Shanghai. We also have shops in Taiwan, South Korea, Malaysia, Singapore, Hong Kong, the Philippines and Thailand. In Europe, we want to add to our 20 boutiques in France by opening shops in the United Kingdom and Italy, but only when the right opportunities present themselves. We closely follow the market developments. In June 2015 we will open a boutique under our own management in New York, our first in store the US, which is a difficult market. We will have to start making money there quickly, otherwise it will never be more than a dream.'

WORK LOCATION **Paris** POSITION **CEO and chairman of the Executive Board** BACKGROUND **I have no diplomas; I started working in a factory at the age of fifteen. In England I have worked on a farm, as a waiter, an accountant and as a manager of athletes. In 1971 I met the boss of Reebok, who asked me to set up Reebok France. In 1994 I was chosen as Manager of the Year.** FOCUS **The most important things in life are freedom and having fun. That is why I have full ownership of Repetto. It's important to approach things in the right way, and that you enjoy them. I hate driving only on the bottom line. I like to build stories and develop a brand. I enjoy working for the company 12 hours a day. But I am not Repetto. If I ever get tired of this job, I'll resign and start up something new.** TOP BRAND **I really like what a brand like Nike does for its customers online. On their website you can download training programmes, meet people and share all kinds of experiences. It helps to create a dialogue between runners. Nike is very close to the consumers' skin.** FAVOURITE SHOP **I like visiting shops of well-known luxury brands like Hermès and Louis Vuitton. I want to try and understand what they are doing and how they offer services to their customers.**


H&M
H&M

KEY EVENTS 2014

14 JANUARY
High street strategy update: focus on growth in premium cities

11 FEBRUARY
Sale of seven Spanish shopping centres/galleries and a retail park for € 158 million

27 MARCH
Sale of non-core assets in France for approx. € 45 million

3 APRIL
Vastned places € 110 million convertible bond

6 MAY
Vastned agrees several attractive long-term leases in the Netherlands

1 AUGUST
Vastned buys high street shops for € 30 million in premium cities Ghent and Lyon

25 SEPTEMBER
Vastned agrees seven-year € 75 million loan with AXA REIM

1 NOVEMBER
Reinier Walta joins Vastned as new CFO

12 NOVEMBER
Vastned refinances with five-year € 300 million syndicated loan facility

24 DECEMBER
Divestment of non-core assets in Belgium for € 35.6 million

END OF DECEMBER
Vastned expands high street clusters in premium cities Amsterdam, Utrecht and Maastricht with acquisitions totalling € 39 million


J.P. GINESTET
Tailleur
Antonelle
CRAZY DAYS
-30%
Repetto

STRATEGY AND OBJECTIVES

DESCRIPTION OF BUSINESS MODEL

Vastned is a listed European retail property company focusing on venues for premium shopping. Vastned concentrates on the best retail property in a selected number of major cities in Europe and Istanbul. Vastned's income is composed of rental income from letting of predominantly retail units. Therefore, occupancy rates and rent levels are key parameters for Vastned. Our results over the past few years show that the better the location, the higher the occupancy rate and the rental income.

Value movements in the property portfolio are also very important. They do not generate cash flow, except when properties are sold, and they are recognised in the indirect result. But here, too, the better the location, the higher the positive value movements. Tenants who are strong national or international retailers definitely improve the value of a retail unit.

STRATEGY

Vastned's strategy is focused on raising the share of premium city high street shops to 75% of the total portfolio, with a view to building a portfolio of higher quality that will continue to yield long-term more stable and predictable results. This strategy requires a high-quality organisation and a conservative financing strategy.

To build up a property portfolio with that make-up, Vastned will expand its holdings in premium cities and reduce its interests in shopping centres and high street shops in smaller and medium-sized cities.

Compiling such a portfolio is an intensive process, which requires a hands-on and proactive approach as well as good contacts and a broad local network. Actual acquisitions depend on opportunities in the marketplace. Buying properties that fit the profile is not enough. There must be a certain 'edge' that allows for value creation. The bottom line is improving the quality of the portfolio, not growth for its own sake.

At year-end 2014, the property portfolio was comprised of 60% premium city high street shops and 40% other properties. The strategy allows for 25% high-quality retail investment properties other than premium city high street shops. For example:

1. high street shops in medium-sized and smaller cities;
2. Belgian 'baanwinkels'; and
3. supermarkets in good locations.

High street shops in the best shopping streets in medium-sized and smaller cities are investments with higher direct yields, and remain attractive. However, expansion in these cities/locations will not be undertaken. 'Baanwinkels', retail parks on the periphery of cities, are a highly successful phenomenon in Belgium. Supermarkets are investments whose operational and financial performance is less dependent on being located in a premium city.

The high quality of this retail property meets the quality requirements Vastned demands, and is also the reason to allow for 25% of the portfolio to be other than premium city high street shops.

OBJECTIVES

Having achieved its key strategic objectives at the end of 2013, in early 2014 Vastned updated its strategy to focus on growth in premium cities. The updated strategy states the following objectives:

	Objectives	Position at year-end 2014	Position at year-end 2013
PORTFOLIO	Growth of share of premium city high street shops to 75% of the total portfolio	60%	46%
	Istanbul portfolio to rise to 10% of the total portfolio	9%	8%
CORPORATE STRUCTURE AND CULTURE	Strengthening the quality of the organisation	✓	
CONSERVATIVE FINANCING POLICY	Loan-to-value of between 40% and 45%	40.3%	44.6% *
	At least 25% non-bank financing	49.4%	16.5%

* *After the sale of the Spanish shopping centres/galleries and a retail park*

By divesting non-core assets in a large number of smaller cities in France, the Netherlands and Belgium totalling € 257 million, along with acquisitions in premium cities like Amsterdam, Utrecht, Ghent and Lyons of € 103 million, Vastned has raised the portfolio share of premium city high street shops from 46% at year-end 2013 to 60% at year-end 2014. Vastned also increased the ratio of non-bank financing to 49.4% by issuing a convertible bond and a private placement with European insurer AXA REIM. The loan-to-value at year-end 2014 was 40.3%, well within the desired 40%-45% range.

SWOT ANALYSIS

Vastned's annual report now provides a SWOT analysis of strengths, weaknesses, opportunities and threats, setting out the main strong and weak points in conjunction with the main opportunities and threats in the marketplace.

SWOT ANALYSIS

Strengths

- A team of specialists in a decisive horizontal organisation free from bureaucracy and politics
- Strong local and international networks
- Vastned offers retailers a focused range of properties in the best locations in the bigger cities where consumers like to go shopping.
- Solid financial position with a conservative financing strategy
- Fiscal status as a tax-exempt investment institution
- Best practice corporate governance

Weaknesses

- The strategic transition is in its final phase, with relatively high exposure in the Netherlands to secondary retail property in smaller cities and non-high street
- Portfolio size very modest in relation to the costs of a stock exchange listing

Opportunities

- Interest for best retail locations from retailers rising sharply
- Development of shopping as a 'leisure activity', which further raises the importance of the shop location for retailers
- Low interest rate

Threats

- Government environmental planning policy
- Possible bankruptcies of retail chains
- Limited interest in expansion from national retailers

Various market parties have asked Vastned whether e-commerce presents a threat to Vastned and its tenants, the retailers. Vastned does not consider e-commerce a threat, because the company focuses on growth in popular shopping streets in bigger cities with a historic city centre: places that appeal to consumers and tourists, and that strong national and international retailers consequently seek out. The retailer's strength is to serve these consumers the best way possible, combining different sales channels for the benefit of its customers. Far from being a threat to Vastned or retailers, e-commerce offers retailers an additional way to serve consumers. Innovative retailers have anticipated this and are exploiting the possibilities.

Vastned further believes that low consumer spending does not constitute a major threat to retailers in popular locations or to Vastned, because consumers purposely choose these locations to go shopping, and because these locations also benefit from tourist appeal, providing retailers with an additional source of income.

SHAREHOLDER INFORMATION

ISIN code	**NL0000288918**
Reuters	**VASN.AS**
Bloomberg	**VASTN.NA**

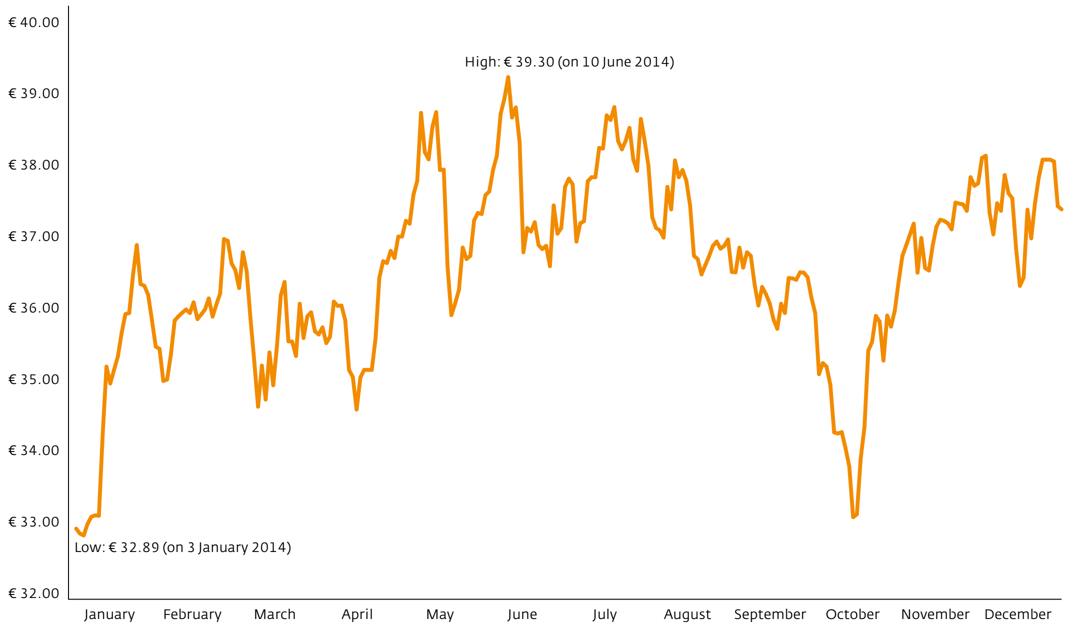
Shares in Vastned Retail N.V. (Vastned) are listed on Euronext Amsterdam since 9 November 1987 and are included in the Amsterdam Midkap Index (AMX) as of 3 March 2008. At year-end 2014, Vastned's market capitalisation was € 713 million. The average daily trading volume was € 1.7 million, or 46,000 shares. Vastned employs Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

KEY DATA PER VASTNED SHARE

	2014	2013	2012	2011	2010
Direct result per share	€ 2.44	€ 2.85	€ 3.31	€ 3.61	€ 3.68
Indirect result per share	(€ 0.77)	(€ 7.64)	(€ 5.48)	€ 1.56	€ 1.71
Dividend per share	€ 2.00 *	€ 2.55	€ 2.55	€ 3.61	€ 3.68
Net asset value	€ 41.09	€ 41.23	€ 47.26	€ 53.72	€ 52.75
Vastned share closing price at year-end	€ 37.45	€ 32.99	€ 32.75	€ 34.60	€ 51.98
Market capitalisation at year-end (€ millions)	713	628	623	644	961

** Subject to approval from the Annual General Meeting of shareholders*

VASTNED SHARE PRICE



SHAREHOLDER RETURN 2014

Vastned's 2014 opening price was € 32.99. Over the year it ranged between € 32.89 and € 39.30, and closed the year at € 37.45. Vastned distributed a final dividend of € 1.63 per share for 2013, and an interim dividend for 2014 of € 0.73 per share, taking the total dividend yield (price movement and dividend payment) for 2014 to 21.4%, from 8.1% in 2013.

DIVIDEND

Following approval from the Annual General Meeting of shareholders, Vastned on 29 May 2014 paid out a final dividend for 2013 of € 1.63. The total dividend for 2013 was € 2.55 per share. In line with Vastned's dividend policy of paying out 60% of the direct result for the first half year of 2014, an interim dividend of € 0.73 was paid out on 29 August 2014. Vastned proposes to the Annual General Meeting of shareholders to declare a dividend of € 2.00 per share for the full year 2014. This equates to 82% of the direct result and is in line with the dividend policy to distribute a dividend of at least 75% of the annual direct result.

SHARE OWNERSHIP

The number of shares in issue at year-end 2014 was 19,036,646, unchanged from year-end 2013. The nominal value per share is € 5.00. No shares were issued and no share buyback schemes took place in 2014.

In compliance with the Act on the Disclosure of Major Holdings (WMZ), the following parties are known to Vastned as shareholders holding a capital interest of 3% or more of the shares in issue at 31 December 2014:

- Commonwealth Bank of Australia	5.79%
- Fidelity Research Management LLC	5.05%
- JP Morgan Asset Management Holdings Inc.	4.91%
- APG Asset Management N.V.	4.86%
- BNP Paribas Investment Partners SA	3.14%
- ING Fund Management B.V.	3.06%
- BlackRock Inc.	3.02%
- Resolution Capital Limited	3.00%

Last year, CEO Mr De Groot increased his shareholding in Vastned Retail N.V. by over 30% from 39,085 at year-end 2013 to 51,051 shares at year-end 2014. He has built up this position from his personal financial resources to assert his commitment to the company and his confidence in the strategy. The members of the Supervisory Board do not hold any Vastned shares, thus complying with the independence criteria set out in best practice provision III.2.1 of the Dutch Corporate Governance Code.

CONVERTIBLE BONDS

On 10 April 2014, Vastned placed € 110 million in convertible bonds (the bonds) that will mature on 10 April 2019. The bonds will be convertible into Vastned shares, subject to Vastned opting for payment in cash instead of partial or full transfer of the shares. The bonds have an annual coupon of 1.875% and an initial conversion price of € 46.19. After the final dividend payment for 2013 and the 2014 interim dividend payment, the rights of the bondholders were changed: as of 18 August 2014 the conversion price was reduced from € 46.19 to € 44.89. The bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange (ISIN code: XS1054643983).

INVESTOR RELATIONS

PROVISION OF INFORMATION

Vastned is committed to communicating the developments in the company promptly, clearly and unambiguously to all stakeholders. This is done by publishing press releases, interim reports and annual reports, trading updates, participating in road shows and conferences, and through our website. Last year, Vastned updated its website and made it responsive for tablet and smartphone.

On the date of publication of the half-year and annual figures, Vastned publishes the presentation to analysts on its website, where visitors can also watch the presentation in a live webcast.

Vastned pursues an active and constructive dialogue with (potential) shareholders, and in this context frequently meets with institutional and major private investors; in these meetings, Vastned only provides information that is not considered price-sensitive.

The CEO, CFO and the Investor Relations Manager oversee Investor Relations. For specific events, such as property tours, other colleagues are brought in.

PRICE-SENSITIVE INFORMATION

Price-sensitive information is always disclosed to the general public through press releases, reported to the financial authorities (AFM) and placed on the website www.vastned.com. Financial reports and other press releases are published in the same way. In contacts with the press, individual investors and analysts, only previously published information is commented upon. In the run-up to the publication of financial reports, Vastned does not hold analysts' meetings or direct discussions with (potential) investors.

ANNUAL REPORT

In its annual reports, Vastned endeavours to present the clearest and most transparent possible account of its activities and the developments throughout the past year. The annual report is also a key medium to explain the company's strategy and vision in detail. Vastned's 2013 annual report was awarded its fourth 'Gold Medal Award' from the European Public Real Estate Association (EPRA). This award is presented to companies who have best implemented EPRA's Best Practice Recommendations (BPR). The BPR aim to raise the transparency and consistency of the financial reporting of listed property companies. Quality, stability and predictability are core values that Vastned strives for in all its activities, including its financial reporting.

SELL-SIDE ANALISTEN

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

Banks	Recommendation	Target price
ABN AMRO	Buy	€ 41.00
Bank DeGroof	Hold	€ 39.00
Berenberg Bank	Buy	€ 42.00
HSBC	Overweight	€ 42.00
ING	Hold	€ 38.10
JP Morgan	Neutral	€ 39.00
Kempen & Co.	Overweight	€ 39.00
Petercam	Add	€ 39.00

CONTACT INFORMATION

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

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M: +31 6 31637374
E: anneke.hoijtink@vastned.com
W: www.vastned.com

FINANCIAL CALENDAR 2015

24 APRIL
Annual General Meeting, Rosarium Amsterdam

28 APRIL
Ex final dividend date 2014

29 APRIL
Record date final dividend 2014

11 MAY
Trading update first quarter 2015

15 MAY
Payment date final dividend 2014

20 AUGUST
Interim results 2015

24 AUGUST
Ex interim dividend date 2015

25 AUGUST
Record date interim dividend 2015

8 SEPTEMBER
Payment date interim dividend 2015

3 NOVEMBER
Trading update first nine months 2015

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REPORT OF THE BOARD OF MANAGEMENT

REVIEW OF THE PROPERTY PORTFOLIO

INTRODUCTION

Over the past year, Vastned's property portfolio underwent a major transition. Vastned increased the share of premium city high street shops from 46% at year-end 2013 to 60% at year-end 2014 by investing € 103 million in high street shops in cities such as Amsterdam, Utrecht, Lyon and Ghent. In addition, Vastned divested non-core property amounting to € 257 million, including seven shopping centres/galleries and a retail park in Spain for € 158 million. These transactions have resulted in a property portfolio that is far more solid and focused, with clusters in a number of major European cities. Vastned's objective is to raise the share of premium city high street shops to 75% of the total portfolio, and the company will continue on its present course in order to achieve this. At year-end 2014, the size of the total property portfolio was € 1.5 billion (year-end 2013: € 1.7 billion).

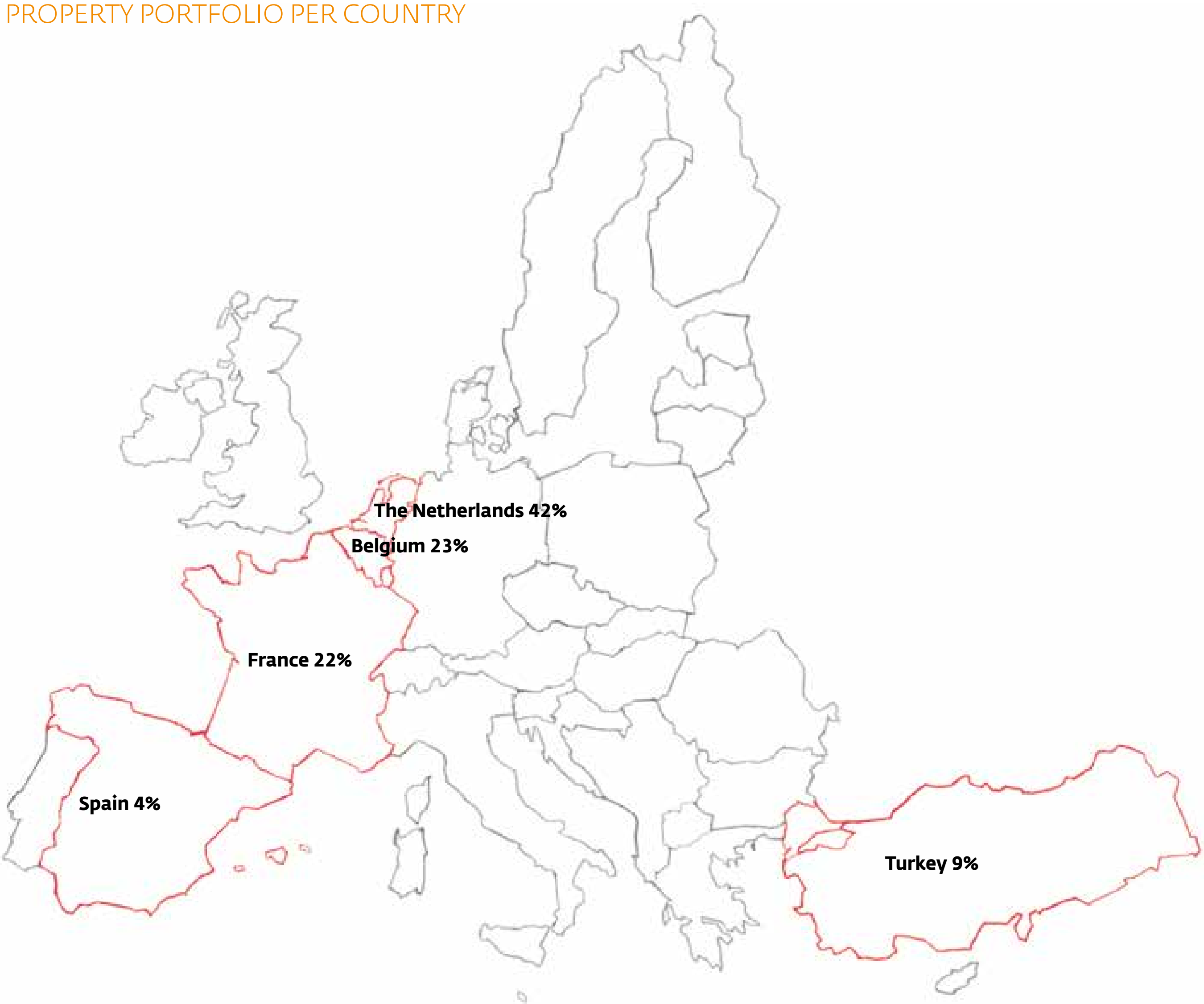
OCCUPANCY RATE

In 2014 the occupancy rate of the total portfolio rose from 94.0% at year-end 2013 to 97.6% at year-end 2014. The occupancy rate is high across the board, with premium city high street shops performing best at 99.1%. The occupancy rates of the high street shops and non-high street shops increased from 94.7% and 89.7% at year-end 2013 to 96.0% and 96.2% at year-end 2014 respectively. The rise of the occupancy rate was mainly due to the improved quality of the portfolio as a result of acquisitions of premium city high street shops and divestments of non-core property, which reported a lower average occupancy rate.

Year-end 2014	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Premium city high street shops	99.0%	98.5%	100.0%	100.0%	99.3%	**99.1%**
High street shops	95.9%	97.3%	93.8%	100.0%	-	**96.0%**
Non-high street shops	97.1%	76.8%	97.7%	100.0%	-	**96.2%**
Total property portfolio	97.3%	96.5%	97.9%	100.0%	99.3%	**97.6%**

Year-end 2013	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Premium city high street shops	98.9%	99.2%	98.6%	100.0%	100.0%	**99.2%**
High street shops	95.5%	95.7%	89.0%	100.0%	-	**94.7%**
Non-high street shops	96.4%	76.1%	95.8%	84.9%	-	**89.7%**
Total property portfolio	96.8%	95.4%	95.4%	86.6%	100.0%	**94.0%**

PROPERTY PORTFOLIO PER COUNTRY



PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD

TOP 10 LOCATIONS

		Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1	Istanbul, centre	132.3	8.2	99.3	9	13,075
2	Paris, centre	115.9	5.5	99.3	11	5,590
3	Amsterdam, centre	107.0	4.5	99.4	27	4,523
4	Bordeaux, centre	85.7	4.2	99.7	21	7,917
5	Utrecht, centre	65.4	3.7	99.3	37	11,399
6	The Hague, centre	54.5	3.0	96.8	24	8,421
7	Antwerpen, centre	52.2	2.5	100.0	11	3,869
8	Brussels, centre	48.8	2.7	100.0	11	8,109
9	Lille, centre	48.0	2.7	94.4	25	6,580
10	Ghent, centre	40.9	1.9	100.0	7	5,935
	Total	**750.7**	**38.9**	**98.9**	**183**	**75,418**

INDEXATION

Virtually all leases concluded by Vastned contain indexation clauses. These clauses create a strong correlation between inflation and increase of rental income. The inflation compensation clause often provides for an increase of the rent based on the consumer price index (CPI), except in the French property portfolio, where it is based on a weighted index (ILC) for new leases and on the construction cost index (ICC) for older leases, unless agreed otherwise. Some leases contain a fixed indexation rate. In Turkey, the indexation of the rent is based on individual agreements. The rent on these leases is paid in euros.

LEASING ACTIVITY

In the course of 2014 Vastned agreed a total of 137 leases with existing and new tenants (2013: 265) with a total gross rental income of € 10.4 million (2013: € 18.5 million). This equals to 10.7% of the theoretical gross rental income. The number of leases signed declined mainly due to the divestment of the seven shopping centres/galleries and a retail park in Spain and of non-core portfolios in France. Of the € 18.5 million in leases concluded in 2013, € 5.6 million related to leases in the Spanish shopping centres and a retail park that were sold. On average, leases signed in 2014 were concluded at 5.3% below the previous rent. This was mainly caused by five lease renewals which Vastned concluded in the two shopping centres in Limoges in France in order to maintain the occupancy rate and the leases on non-high street shops in the Netherlands that Vastned concluded.

Vastned concluded leases in premium cities for € 4.2 million in total. Due to the popularity of these locations, these leases were concluded at rents that were on average 3.6% higher than the previous rents.

LEASING ACTIVITY PER TYPE

	Volume		Movement in gross rental income			
	2014		2014		2013	
	in € million	%	in € million	%	in € million	%
Premium city high street shops	4.2	4.3	0.1	3.6	0.2	3.2
High street shops	2.6	2.7	(0.1)	(3.0)	(0.1)	(4.9)
Non-high street shops	3.6	3.7	(0.6)	(15.2)	(2.8)	(25.4)
Total	**10.4**	**10.7**	**(0.6)**	**(5.3)**	**(2.7)**	**(12.7)**

LIKE-FOR-LIKE RENTAL INCOME

The like-for-like gross rent growth was 0.7% in 2014. For the premium city high street shops, growth was positive in all countries and averaged 2.9%. In the review of the financial results on p. 77 this is explained in more detail.

As a % of gross rental income	Premium city high street shops	High street shops	Non-high street shops	Total
Netherlands	4.1	(0.8)	(2.2)	(0.3)
France	1.1	0.3	(21.0)	(1.2)
Belgium	1.3	(3.8)	3.5	1.4
Spain/Portugal	1.1	1.4	2.0	1.6
Turkey	9.3	n/a	n/a	9.3
Total	**2.9**	**(1.0)**	**(0.7)**	**0.7**

LEASE INCENTIVES

Lease incentives, such as rent-free periods, rental discounts and other payments or contributions to tenants, fell to 2.5% of the gross rental income in 2014, from 3.4% in 2013. In absolute terms, operating expenses decreased from € 4.7 million to € 2.6 million.

As a % of gross rental income	actual	2014 IFRS	actual	2013 IFRS
Premium city high street shops	(3.4)	(2.9)	(5.4)	(2.6)
High street shops	(3.2)	(2.7)	(1.6)	(2.0)
Non-high street shops	(2.0)	(1.9)	(4.6)	(4.6)
Total	**(2.9)**	**(2.5)**	**(4.1)**	**(3.4)**

TOP 10 TENANTS YEAR-END 2014

	Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1 H&M	12.0	12.7	11	25,350
2 Inditex	5.8	6.1	8	11,198
3 A.S. Watson	2.5	2.6	20	8,089
4 Blokker	2.1	2.2	20	12,789
5 GAP	1.3	1.4	1	912
6 Grand Vision	1.3	1.4	10	3,660
7 Armani	1.3	1.4	1	2,000
8 V&D	1.2	1.3	2	10,097
9 Macintosh	1.2	1.3	14	9,041
10 Jumbo	1.1	1.2	3	7,110
	29.8	**31.6**	**90**	**90,246**

MARKET RENT

Appraisals carried out on Vastned's instructions determine the market value, i.e. the estimated rental value (ERV), of retail units. This information is important for identifying re-letting opportunities and threats. When comparing the market rent to the theoretical rental income (the gross rental income at full occupancy), the latter amounted to 100.5% of the market rent (2013: 103.6%).

(OVER)- UNDER RENT PER COUNTRY YEAR-END 2014

	Theoretical gross rental income (in € 1 million)	Market rent (in € 1 million)	(over) - under rent (in %)
Netherlands	45.6	44.9	(1.4)
France	17.8	18.9	4.9
Belgium	20.9	20.4	(2.3)
Spain/Portugal	4.3	3.7	(15.2)
Turkey	8.3	8.5	2.9
Total	**96.9**	**96.4**	**(0.5)**

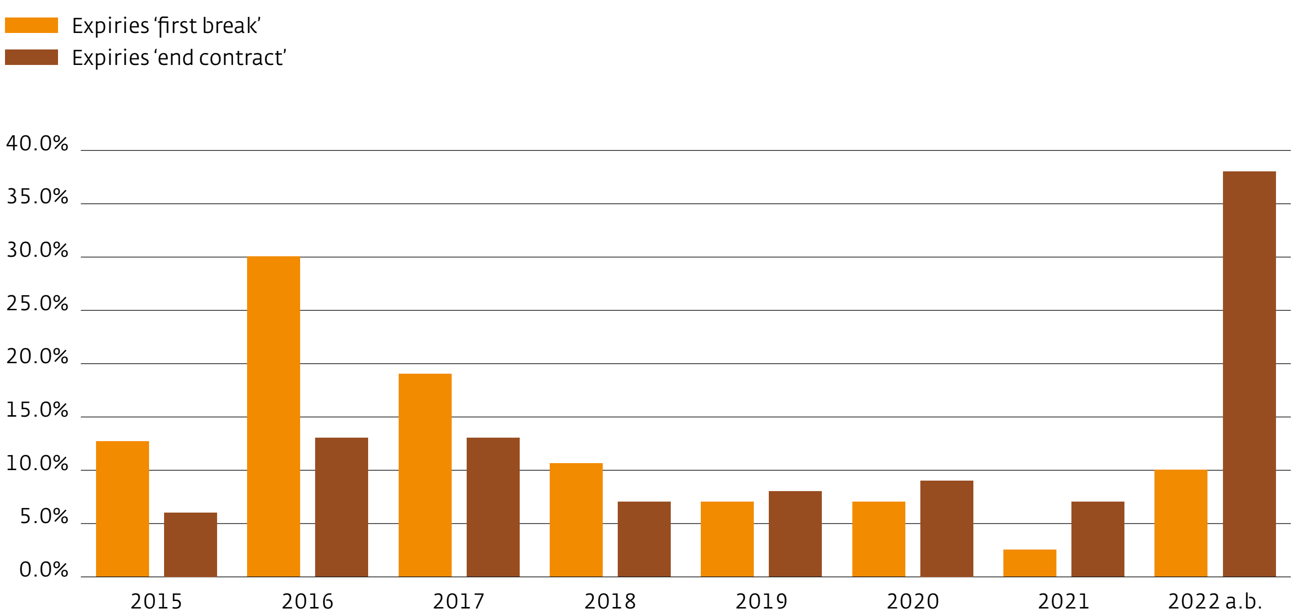
LEASE EXPIRATION

The durations of the leases vary depending on specific agreements and local legislation and customs. Vastned operates in six countries, with different leases in each of them.

In terms of expirations, Vastned distinguishes between the next optional termination date for the tenant and the end of the lease. The graph below shows the expiry dates of the entire property portfolio. The average duration at year-end 2014 was 6.0 years (year-end 2013: 6.7 years).

When leases expire, this often allows for the rent to be adjusted. Taking into account the time until the next optional termination date for the tenant, an option which is rarely exercised practice, the average duration of the leases was 3.4 years at year-end 2014 (year-end 2013: 3.4 years).

LEASE EXPERIES AT YEAR-END 2014



ACQUISITIONS

Over 2014, Vastned acquired 20 premium city high street shops and one high street shop for € 103 million in total.

Netherlands

In the Netherlands Vastned expanded its premium city high street portfolios in Amsterdam, Utrecht, Maastricht and Den Bosch. In Arnhem a high street shop was acquired. In total, Vastned expanded its Dutch portfolio by € 70 million.

In Amsterdam and Utrecht, proactiveness and decisiveness helped Vastned to acquire the following high street shops, often in pre-market transactions.

	Tenants
Amsterdam	
Leidsestraat 60-62	Rituals en The Coffee Company
Kalverstraat 132	The Amsterdam Cheese Company
Heiligeweg 37	El Ganso
P.C. Hooftstraat 46 -48	Burberry
P.C. Hooftstraat 50	Mulberry
Utrecht	
Steenweg 22- 26	WAM denim, Osimo en Lee
Steenweg 28	Dr. Adams

	Tenants
Den Bosch	
Schapenmarkt 17-19	ZARA
Maastricht	
Grote Straat 59	van Dalen
Muntstraat 21-23	Tommy Hilfiger
Arnhem	
Bakkerstraat 5	Claudia Sträter

Vastned expanded its cluster in Maastricht to € 21 million with the acquisitions of Grote Staat 59 and Muntstraat 21-23, leased to popular shoe retailer Van Dalen and international fashion retailer Tommy Hilfiger.

In Den Bosch, Vastned became the owner of Schapenmarkt 17-19, where popular fashion house ZARA operates one of its new flagship stores.

Furthermore, a retail unit on Bakkerstraat in Arnhem was acquired. While Arnhem is not a premium city, this acquisition was done taking into account the unique opportunity of owning three adjoining shops in one of the city's popular shopping streets with a total retail floor area in excess of 1,100 square metres and Gerry Weber, Claudia Sträter and Marc Cain as tenants.

France

In Lyon Vastned took ownership of Rue Édouard Herriot 70 for € 5 million. Rue Édouard Herriot is one of the top shopping streets in Lyon with luxury retailers like Louis Vuitton, Cartier and Longchamps. Rue Édouard Herriot 70 houses high-end international retailers Cosmo Paris and Sandro.

Belgium

In Belgium, Vastned acquired Veldstraat 23-27 on the corner of Bennesteeg in Ghent for € 28 million, which is leased to world famous fashion brand H&M. This shop has a retail floor area of some 2,600 square metres and a unique 25-metre façade on Veldstraat and 28-metre façade on Bennestraat.

Spain and Istanbul

No acquisitions were done in Spain and Istanbul in 2014.

DIVESTMENTS

In addition to the divestment of the Spanish shopping centres and a retail park, Vastned divested non-core property in smaller cities in the Netherlands, France and Belgium amounting to € 99 million, thus realising a significant quality increase in the portfolio. The divestments were made on average at 2.6% below book value.

Netherlands

In the Netherlands, Vastned sold non-core properties in inter alia Zaandam, Heerde, Bussum, Delft and Hilversum for € 13 million. On average, these non-strategic objects were sold at 6.2% above book value. The share of premium city high street shops increased from 36% to 45% in 2014.

France

In France, non-core properties were sold in 2014 for € 45 million in total. The divestments included apartments in Fèrriere-La-Grande, four retail warehouses in Toulon La Garde and a portfolio of individual shops in cities like Roubaix, Troyes, Alençon and Amiens. In France, the share of premium city high street shops increased from 70% year-end 2013 to 81% year-end 2014.

Belgium

In Belgium, Vastned sold non-core properties in 2014, including shopping centre Julianus in Tongres, two retail warehouses in Hasselt and one in Wilrijk, several 'baanwinkels' and individual shops in places like Hoboken, Bergen, Vilvoorde and Sint-Pieters-Leeuw, for € 41 million in total. On average these non-strategic properties were sold at 4.4% below book value. The share of premium city high street shops increased from 39% year-end 2013 to 49% year-end 2014.

Spain

In Spain, the sale of the seven Spanish shopping centres/galleries and a retail park was concluded successfully. At year-end 2014, the size of the Spanish-Portuguese portfolio amounted to € 69 million, and comprised of 88% fully occupied premium city high street shops and high street shops.

Turkey

No divestments were done in Istanbul. The Turkish portfolio consists of 100% premium city high street shops.

PROPERTIES UNDER RENOVATION AND IN PIPELINE

At year-end 2014, Vastned had two properties, which had been damaged by fire, under renovation, being Rue Faidherbe 50 and 54 in Lille in France and one property in pipeline, being Achterom 1-5/Spoorhaag 130-134 in Houten, the Netherlands.

VALUE MOVEMENTS PROPERTIES

Twice a year, the property portfolio is appraised by an external appraiser on Vastned's instructions. The value of the standing portfolio (excluding acquisitions and divestments made during 2014) showed a marginal 0.3% increase compared to year-end 2013. The value of the premium city high street shops portfolio increased in all countries, at an average of 5.1% in 2014.

	Value in € million year-end 2014	Premium city high street shops (in %)	High street shops (in %)	Non-high street shops (in %)	Total (in %)
Netherlands	650	1.9	(7.8)	(9.5)	(4.7)
France	331	6.5	0.3	(14.1)	4.7
Belgium	357	7.3	(2.5)	(2.1)	3.4
Spain/Portugal	69	14.9	(7.0)	3.7	8.2
Turkey	132	2.5	n.a.	n.a.	2.5
Total	**1,539**	**5.1**	**(5.5)**	**(5.1)**	**0.3**

APPRAISAL METHODOLOGY

The larger properties, with an (expected) value of at least € 2.5 million, make up approximately 81% of the portfolio and are appraised every half year by reputable international appraisers. Smaller properties (<€ 2.5 million) are appraised externally once a year, spread evenly across the half years. As at 30 June 2014, 92% of the property portfolio had been appraised and at year-end 2014 87%.
Vastned ensures that the external appraisers have all the relevant information needed to arrive at a well-considered assessment. The appraisal methodology is based on international appraisal guidelines (i.a. RICS Appraisal and Valuation Standards). This appraisal methodology is explained in more detail on page 163 of the financial statements.

REVIEW
OF THE DUTCH
PROPERTY PORTFOLIO

INTRODUCTION

In 2014, the Dutch property portfolio grew by more than 4%, from € 623 million at year-end 2013 to € 650 million at year-end 2014. In the second half of 2014 especially, great strides were made on improving the quality of the portfolio in the Netherlands. Vastned sold non-core property for € 13 million and expanded its portfolio in premium cities like Amsterdam, Utrecht and Maastricht for € 70 million. In conjunction with positive value movements, in particular on the premium city high street shops, this resulted in the Dutch property portfolio growing by more than 4%. The rise of the occupancy rate to 97.3% at year-end 2014 (year-end 2013: 96.8%) was mainly due tothe increased share of premium city high street shops from 36% at year-end 2013 to 45% at year-end 2014.

PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD

OCCUPANCY RATE

In %	2014	2013
Premium city high street shops	99.0	98.9
High street shops	95.9	95.5
Non-high street shops	97.1	96.4
Total	**97.3**	**96.8**

In the Netherlands, the occupancy rate increased from 96.8% to 97.3% over the past year, in spite of the challenging retail climate. Premium city high street shops reported the highest occupancy rate at 99.0%. High street shops and non-high street shops showed rising occupancy rates, which confirms the importance of top locations.

TOP 10 LOCATIONS IN THE NETHERLANDS END 2014

	Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1 Amsterdam, centre	107.0	4.5	99.4	27	4,523
2 Utrecht, centre	65.4	3.7	99.3	37	11,399
3 The Hague, centre	54.5	3.0	96.8	24	8,421
4 Zwijndrecht, shopping centre Walburg	30.0	2.7	96.5	29	14,174
5 Maastricht, centre	20.9	1.1	100.0	7	1,883
6 Eindhoven, centre	18.4	1.3	93.7	10	6,475
7 Utrecht, shopping centre Overvecht	18.3	1.7	100.0	17	5,374
8 Lelystad, centre	17.0	1.5	90.4	10	9,437
9 Amsterdam, shopping centre Boven 't IJ	17.0	1.3	94.3	2	9,988
10 Breda, centre	15.2	1.0	100.0	11	1,973
Total	**363.7**	**21.8**	**97.5**	**174**	**73,647**

LEASING ACTIVITY

In the Netherlands Vastned concluded 91 leases with a total gross rental income of € 4.6 million, or 10.1% of the theoretical gross rental income. The leases were concluded on average at 8.0% below the previous rent. Rents from premium city high street shops increased by on average 7.2% compared to the previous rent. Vastned concluded leases with Nike, De Tuinen, Credo, Mango and others.

In 2014, Vastned prioritised optimising rental income from existing properties by focusing on leasing the floors above shops. A dedicated team was formed for this in the Netherlands. For example, at Oudegracht 124-128 in Utrecht, of which the retail unit is leased to Sissy Boy, Vastned created five studios for young professionals, thus contributing to the liveability and safety of Utrecht's city centre.

TOP 10 TENANTS YEAR-END 2014

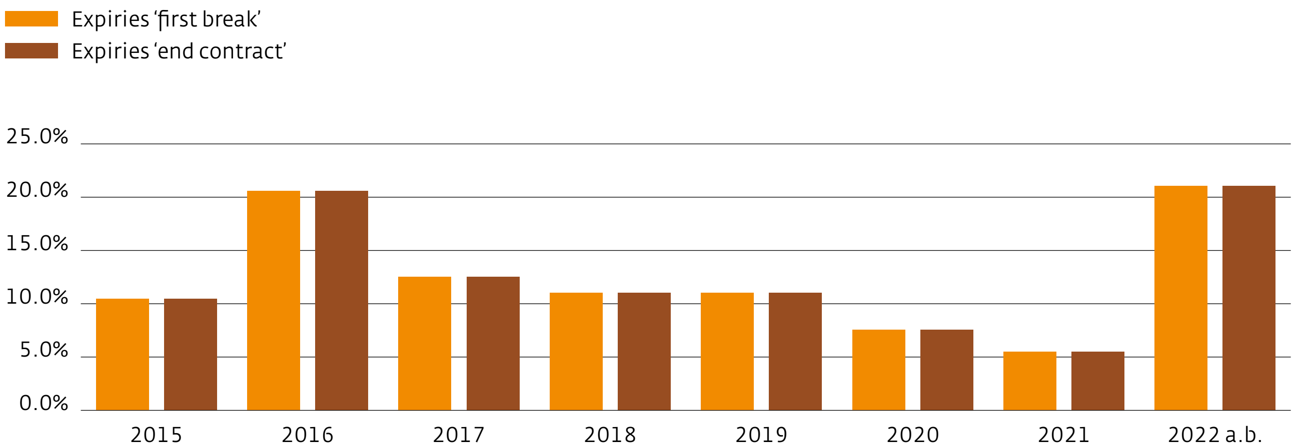
		Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	2.1	4.7	4	6,620
2	A.S. Watson	1.8	4.1	16	6,562
3	Blokker	1.7	3.8	15	8,416
4	Inditex	1.5	3.4	4	3,366
5	V&D	1.2	2.7	2	10,097
6	Jumbo	1.1	2.5	3	7,110
7	Ahold	1.0	2.3	5	5,317
8	Hunkemöller	0.8	1.8	7	1,463
9	Macintosh	0.8	1.8	10	5,244
10	Sligro	0.7	1.6	3	5,521
		12.7	**28.7**	**69**	**59,716**

LEASE INCENTIVES

In the Netherlands lease incentives, such as rent-free periods and other contributions to tenants, amounted to 1.9% of the gross rental income in 2014 (2013: 1.8%).

LEASE EXPIRY DATES

The graph below shows the expiry dates of the Dutch property portfolio. The average term in the Netherlands is 4.4 years (year-end 2013: 4.3 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 4.4 years (year-end 2013: 4.4 years).



ACQUISITIONS AND DIVESTMENTS

Vastned has extended its footprint in a number of premium cities. In total, Vastned acquired retail units for € 70 million, increasing the clusters in the historic city centres of Amsterdam, Utrecht and Maastricht. In Den Bosch, Vastned acquired Schapenmarkt 17-19, let to ZARA. A high street shop was also acquired in Arnhem. While Arnhem is not a premium city, Bakkerstraat 5, leased to Claudia Sträter, is in between two other high street shops owned by Vastned. The acquisition was a unique opportunity for Vastned to own three adjoining high street shops, let to Marc Cain, Claudia Sträter and Gerry Weber.

Vastned sold properties for € 13 million, 6.2% above book value. These non-core properties were located in places like Heerde, Hilversum and Zaandam.

VALUE MOVEMENTS

In the Netherlands, the polarisation between popular and less popular retail locations is most striking. The value movements in the standing portfolio were 1.9% positive on the premium city high streets and 7.8% and 9.5% negative on high streets and non-high streets respectively. Value movements averaged at 4.7% negative on the Dutch portfolio, excluding acquisitions and divestments. At year-end 2014, the share of premium city high street shops in the Netherlands was 45% (year-end 2013: 36%).

REVIEW
OF THE FRENCH
PROPERTY PORTFOLIO

INTRODUCTION

Vastned's French property portfolio is top quality, with an allocation of 81% in premium city high street shops (year-end 2013: 70%). At year-end 2014, the total size of the portfolio was € 331 million (year-end 2013: € 359 million) and the occupancy rate noted 96.5% (year-end 2013: 95.4%). Over the year, Vastned sold € 45 million in non-core property, particularly in smaller cities in France. The sales proceeds were partly used to acquire two adjoining premium city high street shops in Lyon. As a result of the steps taken over the past few years, the French portfolio is now concentrated in just 11 cities, with Paris (€ 116 million), Bordeaux (€ 86 million) and Lille (€ 48 million) as the biggest clusters.

PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD

OCCUPANCY RATE

In %	2014	2013
Premium city high street shops	98.5	99.2
High street shops	97.3	95.7
Non-high street shops	76.8	76.1
Total	**96.5**	**95.4**

The occupancy rate of the total French portfolio increased from 95.4% at year-end 2013 to 96.5% at year-end 2014. The largest increase took place in the high street shop category. The occupancy rate of the premium city high street shops was high at 98.5%.

TOP 10 LOCATIONS IN FRANCE END 2014

		Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1	Paris, centre	115.9	5.5	99.3	11	5,590
2	Bordeaux, centre	85.7	4.2	99.7	21	7,917
3	Lille, centre	48.0	2.7	94.4	25	6,580
4	Nancy, Rue Saint-Jean 44-45	29.1	1.8	95.2	7	4,794
5	Angers, Rue Lenepveu 25-29	17.5	1.1	100.0	5	4,664
6	Cannes, Rue d'Antibes 40	7.9	0.4	100.0	1	948
7	Limoges, Centre Commercial 'Limoges Corgnac'	6.2	0.9	75.9	12	5,407
8	Lyon, centre	5.5	0.2	100.0	3	464
9	Nice, Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	4.4	0.2	100.0	1	362
10	Limoges, Centre Commercial 'Beaubreuil'	4.2	0.5	78.4	12	4,452
	Total	**324.4**	**17.5**	**96.4**	**98**	**41,178**

LEASING ACTIVITY

Last year, Vastned agreed ten leases in France with a gross rental income of € 0.7 million (2013: € 2.1 million) with both existing and new tenants. The leases were concluded at on average 23.3% below the previous rent. This was mainly due to rent reductions in the two shopping centres in Limoges (non-high street shops)averaging at 46%, which were required in order to maintain the occupancy rate. On premium city high street shops category, in contrast, a 17% rent increase was realised. Leases were signed with retailers including So Good for Rue Sainte Catherine 131 and Etam for Rue Sainte Catherine 20, both in Bordeaux, with rent increases of 29% and 12% respectively.

TOP 10 TENANTS YEAR-END 2014

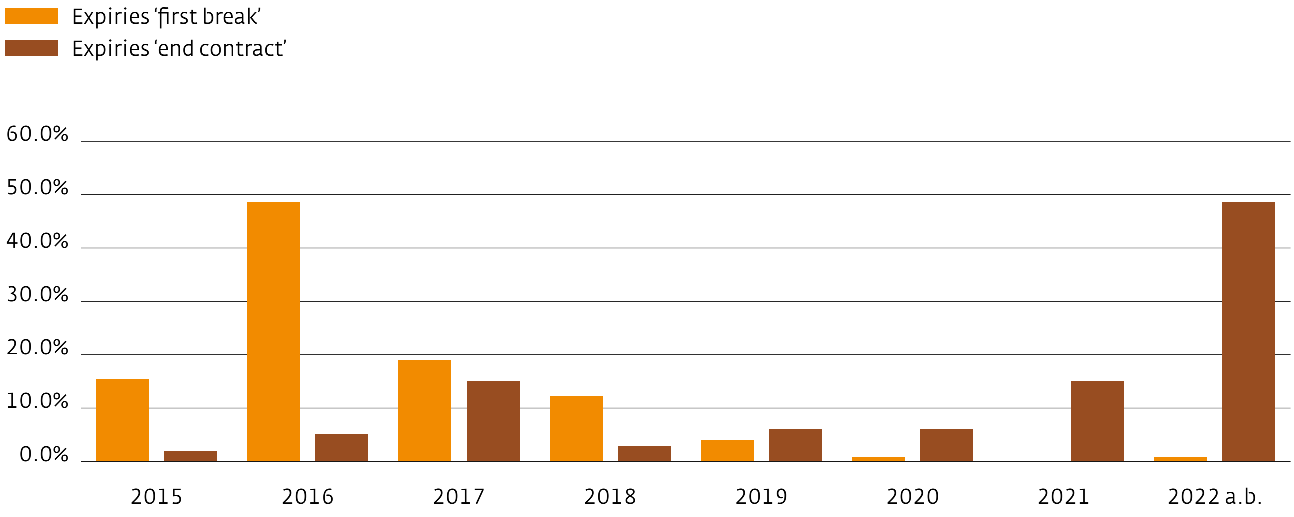
		Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	3.9	22.6	3	4,465
2	GAP	1.3	7.5	1	912
3	PPR	0.9	5.2	3	4,065
4	New Look	0.7	4.1	1	1,302
5	Nespresso	0.6	3.5	1	660
6	Armand Thiery	0.5	2.9	2	1,757
7	Desigual	0.4	2.3	1	790
8	Vivarte	0.3	1.7	3	1,990
9	Camaieu	0.3	1.7	1	420
10	Monop	0.3	1.7	1	598
		9.2	**53.2**	**17**	**16,959**

LEASE INCENTIVES

In France the lease incentives, such as rent-free periods and other rent contributions to tenants, were 2.5% of the gross rental income in 2014 (2013: 2.8%).

LEASE EXPIRY DATES

The graph below shows the expiry dates of the French property portfolio. The average term in France is 6.3 years (year-end 2013: 6.4 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 1.9 years (year-end 2013: 2.2 years).



ACQUISITIONS AND DIVESTMENTS

The quality of the property portfolio has improved significantly since the beginning of 2014. Vastned sold non-core property for € 45 million, including properties in smaller cities such as Amiens and Dieppe, a cluster of four retail warehouses in Toulon La Garde and a number of apartments in Ferrière-La-Grande. These divestments were sold on average at 3.1% below book value.

In addition, Vastned acquired two adjoining high street shops at Rue Édouard Herriot 70 in Lyon, leased to high-end fashion retailers Cosmo Paris and Sandro, for € 5 million in total.

VALUE MOVEMENTS

At year-end 2014, the French portfolio consisted of 81% premium city high street shops (year-end 2013: 70%). The value movements in this premium portfolio (excluding acquisitions and divestments) of 6.5% together with the 0.3% increase in value on the high streets shop portfolio amply offset the 14.1% decrease in value on the non-high street shops, resulting in an average value increase at year-end 2014 of 4.7%.

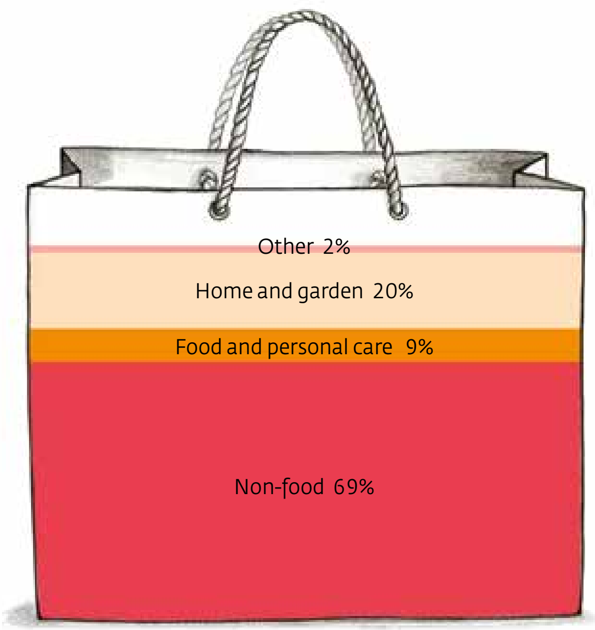
REVIEW OF THE BELGIAN PROPERTY PORTFOLIO

INTRODUCTION

As well as in France, the property portfolio in Belgium also saw a major transformation, especially with the divestment of a portfolio of non-core property for € 36 million in December 2014 and an acquisition in Ghent for € 28 million. At year-end 2014 the total size of the Belgian property portfolio was € 357 million (year-end 2013: € 362 million), of which 49% was invested in premium city high street shops (year-end 2013: 39%).

PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD



OCCUPANCY RATE

In %	2014	2013
Premium city high street shops	100.0	98.6
High street shops	93.8	89.0
Non-high street shops	97.7	95.8
Total	**97.9**	**95.4**

During 2014, the occupancy rate increased from 95.4% to 97.9% at year-end 2014. Occupancy rates rose in every category. The occupancy rate of the premium city high street shops even rose to 100%.

TOP 10 LOCATIONS IN BELGIUM END 2014

	Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1 Antwerpen, centre	52.2	2.5	100.0	11	3,869
2 Brussel, centre	48.8	2.7	100.0	11	8,109
3 Gent, centre	40.9	1.9	100.0	7	5,935
4 Tielt-Winge, retail warehouse, Gouden Kruispunt	35.4	2.2	100.0	22	18,861
5 Brugge, centre	34.1	1.5	100.0	3	3,650
6 Mechelen, centre	15.7	0.9	85.4	3	3,309
7 Namen, Place de l'Ange 42	14.1	0.9	92.8	12	2,331
8 Leuven, Bondgenotenlaan 69-73	12.3	0.7	100.0	2	1,495
9 Wilrijk, Boomsesteen-weg 666-672	10.8	0.7	100.0	4	4,884
10 Vilvoorde, centre & retail warehouses	10.7	0.8	100.0	4	7,683
Total	**275.0**	**14.8**	**98.7**	**79**	**60,126**

LEASING ACTIVITY

In Belgium Vastned agreed 33 leases in total, with a gross rental income of € 3.8 million (2013: € 2.4 million), equal to 18.3% of the theoretical gross rental income. On average, the rent agreed on these leases was 0.3% above the previous rent. In regards to the premium city high street shops a 0.2% rent increase was realised. Vastned agreed a lease with G-star for Huidvettersstraat 12 in Antwerp, where the fashion brand opened one of its biggest shops in the world. In addition, jewellers' Slaets renewed its lease for the unit at Schuttershofstraat 32, a luxury shopping street in Antwerp, as did bijoux chain Claire's for Bondgenotenlaan 69-73 in Leuven.

TOP 10 TENANTS YEAR-END 2014

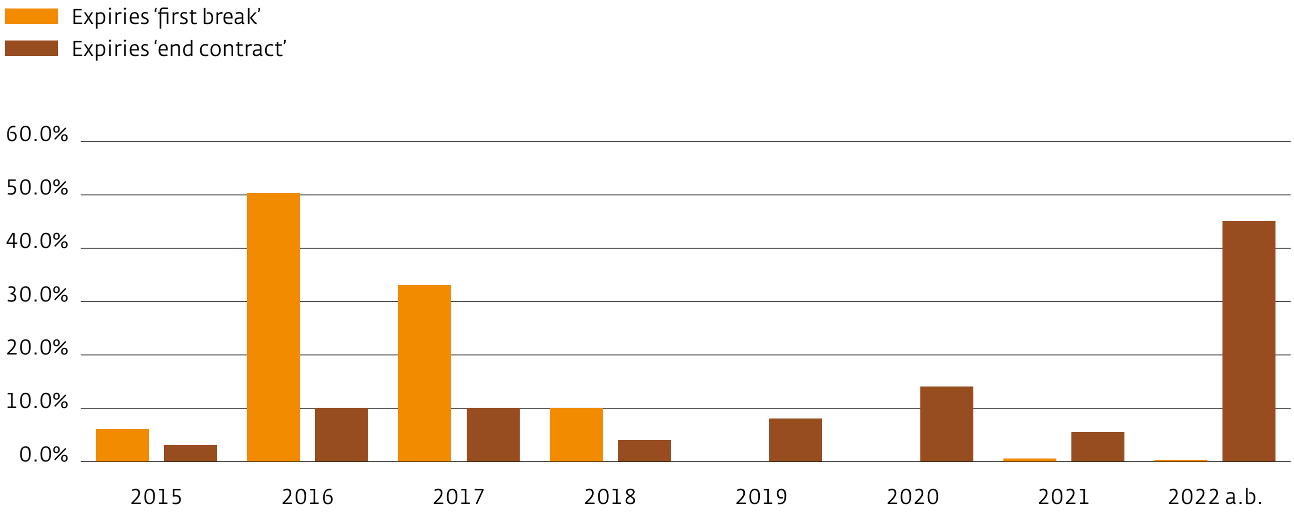
		Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	3.8	18.6	3	10,965
2	Inditex	1.7	8.3	3	3,948
3	Décor Heytens	1.0	4.9	12	8,901
4	Euro Shoe Unie	0.8	3.9	6	4,737
5	Aldi	0.8	3.9	9	8,767
6	A.S. Watson	0.7	3.4	4	1,527
7	Giorgio Armani Retail	0.5	2.4	1	528
8	Blokker	0.5	2.4	5	4,373
9	Brico	0.5	2.4	1	5,000
10	Denim De Luxe	0.5	2.4	1	684
		10.8	**52.6**	**45**	**49,430**

LEASE INCENTIVES

In Belgium the lease incentives, such as rent-free periods and other rent contributions to tenants, amounted to 2.8% of the gross rental income in 2014 (2013: 1.6%).

LEASE EXPIRY DATES

The graph below shows the expiry dates of the Belgian property portfolio. The average term in Belgium is 6.5 years (year-end 2013: 7.1 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 2.8 years (year-end 2013: 3.1 years).



ACQUISITIONS AND DIVESTMENTS

The share of premium city high street shops in Belgium rose from 39% to 49%, due to acquisitions including Veldstraat 23-27 in Ghent for € 28 million, which is let to H&M. This property on the corner of Bennesteeg measuring some 2,600 square metres can easily be divided into three separate retail units in the future. In addition, Vastned divested non-core property for € 41 million, including shopping centre Julianus in Tongres, a number of secondary 'baanwinkels' in cities like Vilvoorde, Hoboken and Bree, two retail warehouses in Hasselt and one in Wilrijk. These divestments were realised on average at 4.4% below book value.

VALUE MOVEMENTS

In Belgium Vastned realised a 3.4% value increase on the portfolio, excluding acquisitions and divestments. The rise was due to a 7.3% value increase on the premium city high street shops, which amply offset the decreases on the high street and non-high street of 2.5% and 2.1% respectively.

REVIEW
OF THE SPANISH
PROPERTY PORTFOLIO

INTRODUCTION

The divestment of the seven Spanish shopping centres/galleries and a retail park for € 158 million was finalised in early 2014. This substantially reduced the property portfolio in terms of size, but dramatically improved its quality. At year-end 2014, premium high street shops and high street shops made up 88% of the property portfolio. The total size of the Spanish property portfolio including the properties in Portugal was € 69 million at year-end 2014 (year-end 2013: € 221 million). At year-end 2014 the Spanish property portfolio was fully leased (2013: 86.6%).

PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD

OCCUPANCY RATE

In %	2014	2013
Premium city high street shops	100.0	100.0
High street shops	100.0	100.0
Non-high street shops	100.0	84.9
Total	**100.0**	**86.6**

The Spanish-Portuguese portfolio is fully leased (year-end 2013: 86.6%). The sale of non-core shopping centres/galleries and a retail park improved the occupancy rate to 100%.

TOP 5 LOCATIONS IN SPAIN/PORTUGAL END 2014

	Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1 Madrid, centre	40.5	1.9	100.0	4	1,420
2 Castellón de la Plana, Calle Grecia 4	8.4	0.8	100.0	1	5,109
3 Lisbon, centre	6.1	0.6	100.0	7	1,546
4 Málaga, Plaza Constitución 9	5.7	0.3	100.0	1	279
5 Porto, centre	3.7	0.4	100.0	4	1,278
Total	**64.4**	**4.0**	**100.0**	**17**	**9,632**

LEASING ACTIVITY

In Spain, Vastned agreed two leases in Madrid for € 0.7 million in total, equal to 15.6% of the theoretical gross rental income. The leases were concluded at the same rent as before.

TOP 5 TENANTS YEAR-END 2014

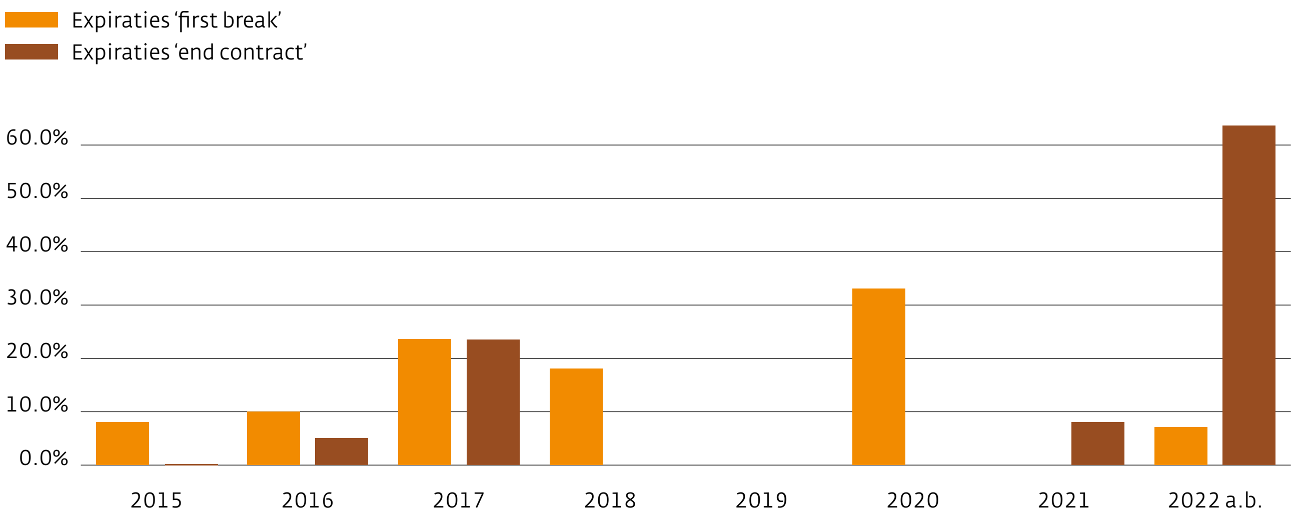
	Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1 Grand Vision	1.3	30.2	10	3,660
2 Salvatore Ferragamo	1.0	23.3	1	587
3 Media Markt	0.8	18.6	1	5,109
4 Group Torreal (Pepe Jeans)	0.3	7.0	1	256
5 Adidas (Real Madrid Official Store)	0.3	7.0	1	429
	3.7	**86.1**	**14**	**10,041**

LEASE INCENTIVES

In Spain the lease incentives, such as rent-free periods and other rent contributions, amounted to 2.4% of the gross rental income in 2014 (2013: 7.5%).

LEASE EXPIRY DATES

The graph below shows the expiry dates of the total property portfolio. The average term in Spain and Portugal is 11.5 years (year-end 2013: 9.0 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 4.2 years (year-end 2013: 2.8 years).



ACQUISITIONS AND DIVESTMENTS

No divestments were made in Spain last year. In early 2014, Vastned finalised the sale of the seven Spanish shopping centres/galleries and the retail park for € 158 million. These shopping centres required major investment to attract and retain leading retailers. Rent levels would remain under pressure. In the present economic climate, retailers are highly selective and in regards to the high number of competing shopping centres these were unlikely to profit from any recovery in the Spanish economy. The pressure on rent levels and the value decreases would therefore persist. Moreover, these properties did not fit Vastned's premium high street strategy.

VALUE MOVEMENTS

The value of the Spanish/Portuguese portfolio (excluding acquisitions and divestments) increased by 8.2% over 2014. In Spain, too, premium city high street shops performed best reporting a value increase of 14.9%.

REVIEW OF THE TURKISH PROPERTY PORTFOLIO

INTRODUCTION

The Turkish property portfolio consists of nine premium city high street shops in the popular shopping streets of Istanbul's city centre, and totalled € 132 million at year-end 2014 (year-end 2013: € 129 million).

PROPERTY PORTFOLIO PER TYPE

INDUSTRY SPREAD

OCCUPANCY RATE

In %	2014	2013
Premium city high street shops	99.3	100.0
High street shops	n/a	n/a
Non-high street shops	n/a	n/a
Total	**99.3**	**100.0**

The occupancy rate of the Istanbul portfolio fell marginally, but remained high at 99.3%. This minor decrease was due to several upper floors being vacated at Istiklal Caddesi 119, of which the retail space is let to Turkcell. Vastned is close to an agreement with a new tenant and expects to return to 100% occupancy in Istanbul in early 2015.

TOP 5 LOCATIONS IN TURKEY END 2014

	Bookvalue (in € 1 million)	Theoretical gross rental income (in € 1 million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1 Istanbul, Istiklal Caddesi	95.9	6.0	99.0	5	8,505
2 Istanbul, Abdi Ipekçi Street 41	21.4	1.3	100.0	1	1,975
3 Istanbul, Istasyon Caddesi 27	8.8	0.5	100.0	1	2,000
4 Istanbul, Bahariye Caddesi 58	3.5	0.2	100.0	1	400
5 Istanbul, Bahariye Caddesi 66/B	2.8	0.2	100.0	1	195
Total	**132.4**	**8.2**	**99.3**	**9**	**13,075**

LEASING ACTIVITY

In Istanbul Vastned renewed the lease with Topshop for Istiklal Caddesi 18 for a second time, realising a 4.6% rent increase. No other leases were signed, since most contracts were concluded recently.

TOP 5 TENANTS YEAR-END 2014

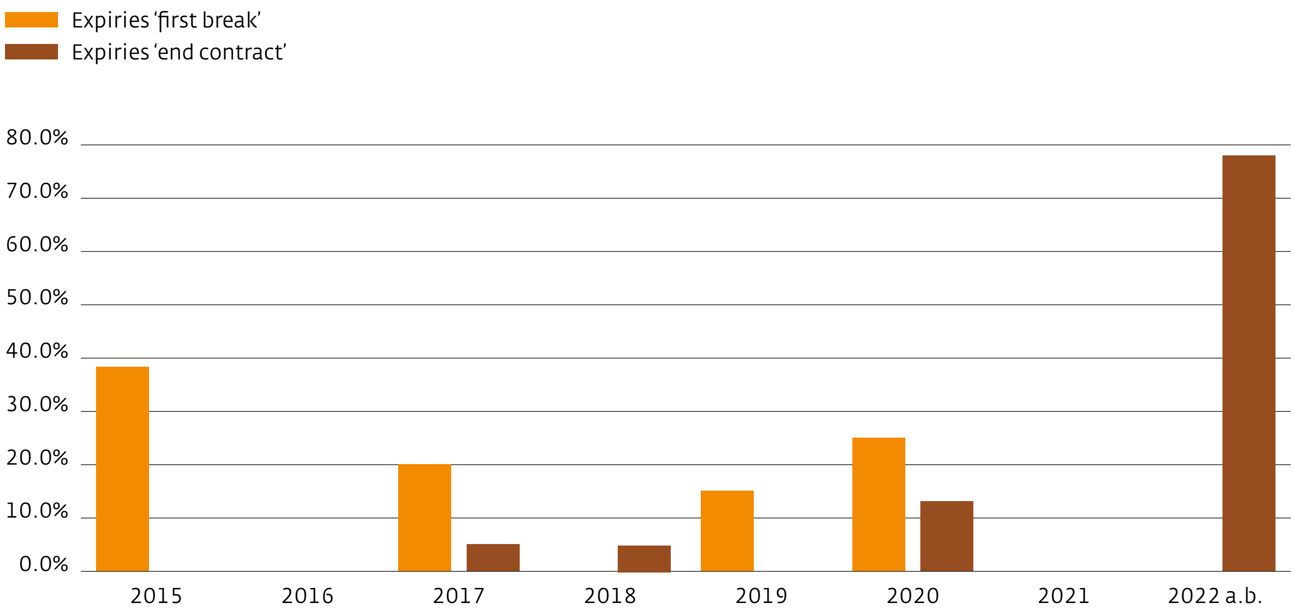
	Theoretical gross rental income (in € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1 Inditex	2.3	28.1	1	3,000
2 H&M	2.1	25.6	1	3,300
3 Armani	1.3	15.9	1	2,000
4 Turkcell	0.8	9.8	2	720
5 Topshop	0.7	8.5	1	1,170
	7.2	**87.9**	**6**	**10,190**

LEASE INCENTIVES

In Istanbul the lease incentives, such as rent-free periods and other rent contributions, were 5.5% of the gross rental income in 2014 (2013: 4.9%).

LEASE EXPIRY DATES

The graph below shows the expiry dates of the Turkish property portfolio. The average term in the Turkey is 11.8 years (year-end 2013: 12.3 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 2.8 years (year-end 2013: 3.7 years).



ACQUISITIONS AND DIVESTMENTS

No acquisitions and/or divestments were made in 2014.

VALUE MOVEMENTS

Vastned realised a 2.5% value increase on its Istanbul portfolio.

REVIEW
OF THE 2014
FINANCIAL RESULTS

2014 RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

The result is comprised of the direct and indirect result. The result improved from € 91.2 million negative in 2013 to € 31.7 million positive in 2014. The main factor in this increase was an improvement of the indirect result from € 145.4 million negative in 2013 to € 14.8 million negative in 2014, due to less unfavourable value movements. The direct result was € 46.5 million (2013: € 54.2 million).

Vastned has decided to change its accounting principles concerning deferred tax assets and liabilities. Effective 1 January 2014, the deferred tax liabilities include only income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value. Furthermore, the most probable way of divestment of the property is no longer being taken into account. This change in accounting principle has led to adjustments to the comparative figures for 2013: compared to the reported figures for 2013, the result was adjusted from € 89.0 million negative to € 91.2 million negative, and the indirect result was adjusted from € 143.2 million negative to € 145.4 million negative. The direct result remained unchanged.

DIRECT RESULT

The direct result fell from € 54.2 million in 2013 to € 46.5 million in 2014. In line with its strategy focusing on premium city high street shops, Vastned further improved the quality of the property portfolio by selling non-core property. The sales proceeds were partly used for acquisitions of premium city high street shops and partly to further strengthen the balance sheet. As a result, Vastned was a net seller of property, which was the main cause of the € 21.0 million fall in net rental income. The € 10.3 million decrease in net financing costs contributed positively to the direct result. This was attributable to on average lower interest-bearing debts due to net sales and the lower average interest rate. In addition, the net financing costs in 2014 included a non-recurring interest income. General expenses were virtually unchanged from 2013. The current income tax expenses decreased inter alia due to a lower tax burden in Spain resulting from the sale of the shopping centres/galleries and the retail park in the first quarter of 2014.

Finally, an administrative appeal lodged by Vastned Retail Belgium NV against the Belgian tax and customs administration in respect of the imposition of withholding tax on dividends to Vastned Retail N.V. for the 2005-2012 financial years, was successful. As a result of this favourable court decision, a non-recurring income of € 1.7 million was recorded in the direct result (€ 1.2 million under net financing costs and € 0.5 million under the current income tax expense).

INDIRECT RESULT

The indirect result improved sharply from € 145.4 million negative in 2013 to € 14.8 million negative in 2014. The indirect result improved by € 130.6 million with respect to 2013; the negative indirect result in 2013 was largely due to the 5.8% value decrease in the property portfolio, in particular in Spain.

The total value movements in 2014 were € 0.8 million negative, a marginal decrease of 0.1% compared to the start of 2014. The value movements included a value increase of the standing property portfolio of € 4.1 million (0.3% positive), against a value decrease of approx. € 4.9 million due to write-off of property purchase costs.
Due to repayments on loans as a result of Vastned being a net seller and the placement of a convertible bond, a number of financial derivatives under IFRS no longer qualified as effective hedges in 2014. Consequently, the unrealised negative value movements in these financial derivatives of € 3.9 million were reclassified from equity to the profit and loss account.
In 2014, an amount of € 3.3 million was allocated to the provision for deferred tax liabilities, mainly in relation to the value increase in the Spanish property portfolio and the abolishment of the refund facility of profit tax at the reinvestment of realised capital gains in Spain.

DEVELOPMENT NET RENTAL INCOME 2014

PREMIUM CITY HIGH STREET SHOPS (in € 1 million)

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2013	10.4	12.1	6.9	2.1	4.5	36.0
Acquisitions	1.8	1.1	0.7	-	-	3.6
Taken into operation	-	-	-	-	2.7	2.7
Disposals	-	(0.5)	-	-	-	(0.5)
Like-for-like rental growth	0.4	0.1	0.1	0.1	0.4	1.1
Gross rental income 2014	12.6	12.8	7.7	2.2	7.6	42.9
Operating expenses	(1.6)	(1.0)	(0.8)	(0.1)	(0.5)	(4.0)
Net rental income 2014	11.0	11.8	6.9	2.1	7.1	38.9
Net rental income 2013	9.0	10.7	6.3	2.0	4.2	32.2
Operation expenses in % of gross rental income:						
- in 2014	13.0	7.3	10.1	6.5	6.5	9.3
- in 2013	13.5	11.4	8.5	6.8	6.5	10.6

HIGH STREET SHOPS (x € 1 million)

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2013	16.3	5.5	4.1	1.3	-	27.2
Acquisitions	0.1	-	-	-	-	0.1
Taken into operation	-	-	-	-	-	-
Disposals	(0.6)	(2.1)	(0.2)	-	-	(2.9)
Like-for-like rental growth	(0.1)	-	(0.1)	-	-	(0.2)
Gross rental income 2014	15.7	3.4	3.8	1.3	-	24.2
Operating expenses	(2.5)	(0.3)	(0.3)	(0.1)	-	(3.2)
Net rental income 2014	13.2	3.1	3.5	1.2	-	21.0
Net rental income 2013	14.2	5.1	3.7	1.2	-	24.2
Operation expenses in % of gross rental income:						
- in 2014	15.6	8.7	9.1	8.6	-	13.3
- in 2013	13.2	7.0	9.3	4.5	-	10.9

NON-HIGH STREET SHOPS (x € 1 million)

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2013	19.7	5.9	10.8	23.6	-	60.0
Acquisitions	-	-	-	-	-	-
Taken into operation	-	-	-	-	-	-
Disposals	(5.8)	(4.3)	(0.6)	(19.8)	-	(30.5)
Like-for-like rental growth	(0.3)	(0.3)	0.3	0.1	-	(0.2)
Gross rental income 2014	13.6	1.3	10.5	3.9	-	29.3
Operating expenses	(1.8)	(0.3)	(1.0)	(0.4)	-	(3.5)
Net rental income 2014	11.8	1.0	9.5	3.5	-	25.8
Net rental income 2013	17.4	4.6	9.8	18.5	-	50.3
Operation expenses in % of gross rental income:						
- in 2014	13.2	27.2	9.5	10.2	-	12.1
- in 2013	11.9	21.8	8.8	21.7	-	16.2

TOTAL (x € 1 million)

	Netherlands	France	Belgium	Spain/ Portugal	Turkey	Total
Gross rental income 2013	46.4	23.5	21.8	27.0	4.5	123.2
Acquisitions	1.9	1.1	0.7	-	-	3.7
Taken into operation	-	-	-	-	2.7	2.7
Disposals	(6.4)	(6.9)	(0.8)	(19.8)	-	(33.9)
Like-for-like rental growth	-	(0.2)	0.3	0.2	0.4	0.7
Gross rental income 2014	41.9	17.5	22.0	7.4	7.6	96.4
Operating expenses	(5.9)	(1.6)	(2.1)	(0.6)	(0.5)	(10.7)
Net rental income 2014	36.0	15.9	19.9	6.8	7.1	85.7
Net rental income 2013	40.6	20.4	19.8	21.7	4.2	106.7
Operation expenses in % of gross rental income:						
- in 2014	14.0	9.0	9.6	8.8	6.5	11.1
- in 2013	13.0	12.3	8.8	19.7	6.5	13.4

NET INCOME FROM PROPERTY

GROSS RENTAL INCOME

Over the past year, Vastned's property portfolio shrank from € 1.7 billion to € 1.5 billion, mainly because more property was divested than acquired. This reduced the gross rental income from € 123.2 million in 2013 to € 96.4 million in 2014. The table on page 75 and 76 presents a breakdown of the reduction by country.

- Acquisitions and property taken into operation (€ 6.4 million increase)
Acquisitions in the Netherlands, France and Belgium and the properties taken into operation in Turkey increased Vastned's gross rental income by € 6.4 million compared to 2013.
Of the increase, € 1.9 million concerned additional rental income from acquisitions in the Netherlands in 2013 and 2014. Approx. € 0.6 million concerned additional rental income from premium city high street shops acquired in 2014 in Amsterdam, Utrecht, Maastricht and Den Bosch, and a high street shop acquired in Arnhem. The premium city high street shops in Amsterdam, Maastricht and Utrecht acquired in 2013 contributed € 1.3 million to the growth of the gross rental income in the Netherlands.
In France the premium city high street shops in Bordeaux and Lyon acquired in 2013 and 2014 contributed € 1.1 million to the growth of the gross rental income in 2014.
A premium city high street shop on Steenstraat in Bruges acquired in 2013 and a premium high street shop on Veldstraat in Ghent acquired in July 2014 boosted the gross rental income in Belgium by € 0.7 million.
In Turkey the gross rental income rose by € 2.7 due to H&M's first flagship store and Armani's brand store in Istanbul being taken into operation in 2013 and in 2014 respectively.

- Divestments (€ 33.9 million decrease)
In line with its premium high street strategy, Vastned sold non-core property totalling € 525.8 million in 2013 and 2014. This caused a € 33.9 million fall in the gross rental income compared to 2013. Of the decrease, € 19.8 million was due to the sale of the Spanish shopping centres/galleries and a retail park, which was finalised in March 2014.
In France, the gross rental income decreased by € 6.9 million due to the divestment of non-core property. The shopping centres in Thoiry and Dunkirk accounted for € 3.8 million, the remaining € 3.1 million resulting from the divestment of a large number of individual retail units in France in 2013 and 2014 that no longer fit the property portfolio.
The gross rental income in the Netherlands fell by € 6.4 million. The sale of shopping centre Het Rond in Houten in late September 2013 accounted for € 4.8 million. The remaining € 1.6 million was due to the sale of non-core property in 2013 and 2014, mainly in smaller cities like Heerde, Bussum and Hilversum.
In Belgium, the gross rental income decreased by € 0.8 million due to sales of non-core property.

- Like-for-like rent growth (€ 0.7 million increase)
The like-for-like rent growth of the gross rental income was € 0.7 million positive.
As the table on page 75 shows, the like-for-like growth for premium city high street shops was positive in all countries (€ 1.1 million). The like-for-like growth of the gross rental income was limited, however, by negative gross rent growth due to lower rental income from lease renewals in the high street and non-high street shop segments, especially in the Dutch portfolio.
Despite the difficult economic climate, the average occupancy rate of the property portfolio rose from 94.0% at year-end 2013 to 97.6% at year-end 2014. The occupancy rate of the premium city high street shops remained virtually unchanged at 99.1% at year-end 2014 (2013: 99.2%).

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

Operating expenses fell from € 16.5 million in 2013 to € 10.7 million in 2014.
The divestment of non-core property in the Spanish, French, Dutch and Belgian portfolios accounted for € 5.8 million; the divested shopping centres in Spain in particular had relatively high (net service charge) expenses.
The operating expenses as a percentage of the of the gross rental income were 11.1% (2013: 13.4%). This improvement was partly caused by the increase of the share of premium city high street shops, as these shops have lower operating expenses (9.3%) than high street shops (13.3%) and non-high street shops (12.1%).

VALUE MOVEMENTS IN PROPERTY

The total value movements in 2014 were € 0.8 million negative (2013: € 121.6 million negative), a marginal decrease of 0.1% from the 2014 starting value.
The value of the Dutch property portfolio decreased by € 33.4 million, which included a € 3.7 million value decrease due to the write-off of property purchase costs.
The French, Belgian, Spanish and Turkish property portfolios showed value increases of € 14.4 million, € 9.8 million, € 5.2 million and € 3.2 million respectively after write-off of property purchase costs.

NET RESULT ON DISPOSAL OF PROPERTY

In addition to the divestment of the shopping centres/galleries and a retail park in Spain for € 157.9 million, Vastned sold € 99.0 million in non-core property in 2014. The Dutch property portfolio accounted for € 12.5 million. In Belgium, € 41.0 million in non-core property was sold and € 45.5 million in France.
The net result on the disposals realised in 2014 was € 2.6 million negative after write-off of sale costs, of which € 1.4 million negative was realised on sales in France. In Belgium, the net result on divestments was € 1.9 million negative, while in the Netherlands a positive net result of € 0.7 million was realised on disposals.

EXPENDITURE

NET FINANCING COSTS

The net financing costs including value movements of financial derivatives decreased from € 46.7 million in 2013 to € 29.8 million in 2014. The development of the net financing costs is presented in the table below.

DEVELOPMENT OF NET FINANCING COSTS (x € 1 million)

Net financing costs 2013	46.7
Decrease due to net sales	(7.0)
Less capitalisation of interest on property in pipeline	0.9
Decrease on balance due to lower average interest rate and changes in fixed/floating and working capital	(2.4)
Non-recurring interest compensations	(1.8)
Non-cash component of convertible bond	0.6
Value movements financial derivatives	2.6
Reclassification of unrealised results on financial derivatives from equity	(9.8)
Net financing costs 2014	**29.8**

The average interest rate on the total interest-bearing debt improved from 4.3% in 2013 to 4.1% in 2014. The decrease was mainly due to the issue of a convertible bond with a fixed 1.875% coupon. Compared to the development of the market interest rate, the decrease was limited because during 2014 a relatively large part of the loan portfolio was financed at a fixed interest rate.

The value movements of the interest rate derivatives not qualifying as effective hedges under IFRS were € 1.2 million negative (2013: € 1.4 million positive) due to the lower market interest rate.
Redemption of loans from net sales and the private bond placement caused a number of derivatives to no longer qualify as effective hedges under IFRS. As a result, the negative market value of these financial derivatives of € 3.9 million (2013: € 13.7 million negative) was reclassified from equity to the profit and loss account, and consequently does not affect net asset value.

GENERAL EXPENSES

The general expenses decreased marginally from € 9.0 million in 2013 to € 8.9 million in 2014. The sale of the shopping centres/galleries and a retail park in Spain and the transfer of the majority of the Spanish country team to the buyer reduced the general expenses, but the fall was largely cancelled out by additional non-recurring personnel costs due to the departure of a few employees and a lower amount that could be allocated to property in operation as a result of the smaller size of the property portfolio.

CURRENT INCOME TAX EXPENSE

Income tax was € 0.5 million in 2014 (2013: € 0.3 million). In connection with the previously mentioned procedure in the matter of the Belgian withholding taxes for 2005-2012, a € 0.5 million income was recorded in income tax in 2014.
In Belgium, the tax burden increased by € 0.3 million due to tax on the result of the normally taxed entity holding the premium city high street shop on Veldstraat in Ghent, which Vastned bought in 2014. The tax burden in France was € 0.5 million due to an additional tax assessment. The tax burden in Spain was € 0.2 million.

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities in 2014 were € 4.3 million negative (2013: € 1.8 million positive, including the reclassification of taxes on unrealised results on financial derivatives from equity). The € 4.3 million allocation to the provision for deferred tax liabilities in 2014 was mainly due to the value increase of the Spanish property portfolio and the abolishment of the refund facility of profit tax at the reinvestment of realised capital gains in Spain.

RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The result attributable to non-controlling interests of € 7.1 million (2013: € 12.7 million) consists of the direct and indirect result attributable to non-controlling interests of € 4.8 million positive (2013: € 6.8 million positive) and € 2.3 million positive (2013: € 5.9 million positive) respectively.

The direct result attributable to non-controlling interests decreased by € 2.0 million, which was mostly due to the sale of the limited partnership Shopping Centre Het Rond Houten in late September 2013.

The indirect result attributable to non-controlling interests fell by € 3.6 million. Higher positive value movements in the Belgian property portfolio in 2013 compared to 2014 caused a € 6.9 million decrease. The indirect result attributable to non-controlling interests increased by € 3.3 million due to the elimination of negative value movements of shopping centre Het Rond in Houten which was sold in 2013.

RESULT PER SHARE

The average number of Vastned shares in issue of approx. 19.0 million remained virtually unchanged compared to 2013. The result per share was € 1.67 positive (2013: € 4.79 negative). This result consists of the direct result per share of € 2.44 (2013: € 2.85) and the indirect result per share of € 0.77 negative (2013: € 7.64 negative). The direct result per share was € 0.09 per share above than the previously published expected direct result of € 2.35 per share as a result of the favourable ruling in the proceedings on withholding tax in Belgium.

The development of the direct result per share was as follows: (x € 1):

Direct result 2013	**2.85**
Like-for-like growth net rental income	0.01
Increase in net rental income due to acquisitions	0.19
Increase due to properties in pipeline being taken into operation	0.10
Decrease in net rental income due to divestments	(1.38)
Decrease in financing costs due to net sales	0.37
Decrease on balance of financing costs due to lower short-term interest rate, changes in fixed/floating interest rates and working capital	0.13
Decrease in general expenses and income tax	0.02
Decrease due to higher result attributable to non-controlling interests	(0.01)
Non-recurring income from the sale of the Spanish shopping centres/galleries	0.07
	2.35
Non-recurring income arising from the legal procedure on withholding tax in Belgium	0.09
Direct result 2014	**2.44**

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'). With these private placements, Vastned has extended the duration of the long-term loan portfolio and realised a better spread of financings over financiers.
The existing interest rate policy to fix the interest rate of approximately two third of the debt portfolio will be continued.

In April 2014, Vastned issued a five-year € 110 million convertible bond with a fixed annual coupon of 1.875%. The bonds are senior and unsecured, and will be convertible into Vastned shares, with the proviso that Vastned may opt for payment in cash in lieu of delivery of shares in part or in whole. The initial conversion price was € 46.19. After the distribution of the final dividend for 2013 and the payment of the interim dividend for 2014, the rights of the holders of the convertible bonds have been changed; the conversion price was adjusted from € 46.19 to € 44.89.

At the end of September 2014, Vastned took out a seven-year € 75 million unsecured loan from AXA Real Estate Investment Managers at a floating interest rate in line with the market. This raised the non-bank loan total to over € 300 million and the share of non-bank loans to over 49%, thus achieving the objective of at least 25% non-bank loans, formulated in 2011. After the American private placement market, this long-term loan is Vastned's first move into the European private placement market.

In November 2014, Vastned concluded a five-year € 300.0 million revolving credit facility with a syndicate of five banks. This credit facility was used to refinance virtually all bilateral credit facilities expiring in 2015, and to convert short-term credit facilities into a committed five-year credit facility. This credit facility has a variable interest rate with a margin that is in line with the market.
The new loans referred to above increased the spread over multiple lenders.

As at 31 December 2014, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 40.3% (year-end 2013: 44.6%) and a solvency ratio, being group equity plus deferred tax liabilities divided by the balance sheet total, of 56.5% (year-end 2013: 51.5%).

At year-end 2014, the loans had the following features:

- the total outstanding interest-bearing debt totalled € 617.0 million (year-end 2013: € 755.7 million);
- the total non-bank loans comprised € 304.7 million (49.4%) of the total outstanding interest-bearing debt;
- a good spread of expiry dates on the long-term loans, of which € 15.3 million (recorded in short-term liabilities) will expire in 2015;
- 97.2% of the outstanding loans was long-term with a weighted average duration based on contract expiry dates of 4.7 years;
- 73.1% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate swaps, the private bond placements in 2010 and 2012 and the convertible bond placed in 2014;
- a good spread of interest rate review dates, with a weighted average duration of 3.1 years;
- the average interest rate in 2014, taking into account the agreed interest rate derivatives, the private bond placements agreed in 2010 and 2012 and the convertible bond placed in 2014, was 4.1%. The average interest rate based on the interest-bearing debt as at year-end 2014 was 3.5%;
- 26.9% of the outstanding loans had a floating interest rate;
- due to the unwinding of a number of interest rate derivatives (€ 14.5 million) as a result of divestments and due to changes in the interest rate curve and the reduced remaining duration of the interest rate derivatives (€ 4.5 million) the negative value of the interest rate derivatives decreased on balance from € 30.3 million to € 11.3 million; and
- the unused credit facilities amounted to € 150.3 million.

With a solvency ratio of 56.5% and an interest coverage ratio of 3.5, Vastned meets the requirements of all financing agreements with banks. All financing contracts stipulate a 45% minimum solvency ratio and usually require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for the provision of security.

LOAN PORTFOLIO

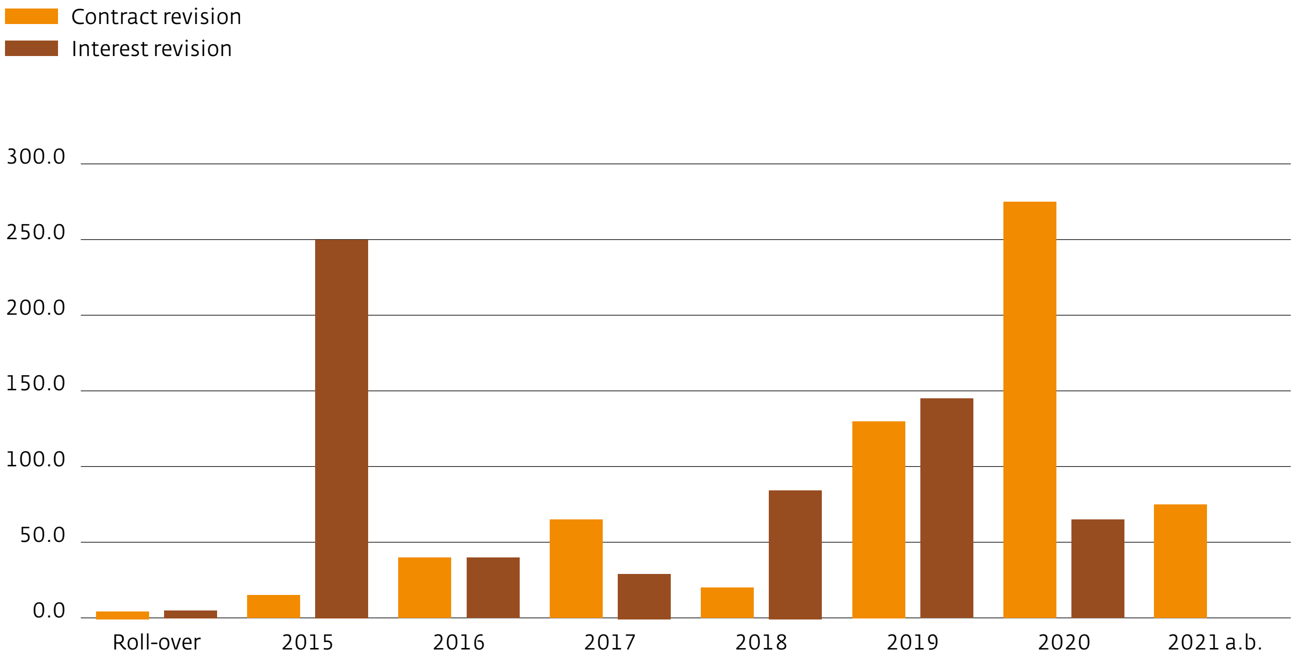
At year-end 2014 (in € 1 million)

	Fixed interest rate [1]	Floating interest rate	Total	% of total
Long-term debt	435.9	163.5	599.4	97.2
Short-term debt	15.0	2.6	17.6	2.8
	450.9	166.1	617.0	100.0
% of total	73.1	26.9	100.0	

[1] Taking interest rate derivatives into account.

EXPIRY DATES AND INTEREST REVISION DATES FOR LOAN PORTFOLIO YEAR-END 2014

(in € 1 million)



DIVIDEND POLICY AND PROPOSAL

The Annual General Meeting of 19 April 2013 adopted the present dividend policy, which provides for a dividend distribution of at least 75% of the direct result per share. In principle, no stock dividend will be distributed. However, this is dependent on possible dilution of the result, net asset value, the company's capital position and requirement, and on the financing market. The dividend policy prevents share dilution due to distribution of stock dividend. The annual dividend distribution is effected by means of an interim and a final dividend. After the publication of the half-year results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

DIVIDEND DISTRIBUTION FOR 2013 AND DIVIDEND PROPOSAL FOR 2014

The Annual General Meeting of 15 May 2014 declared a dividend for the 2013 financial year of € 2.55 per share, which was charged to the freely distributable reserves. In August 2013, an interim dividend of € 0.92 per share had already been distributed, so the final dividend per share came to € 1.63.

On 29 August 2014, in accordance with the dividend policy, 60% of the direct result for the first half year of 2014 was distributed as dividend, or € 0.73 per share. On 24 April 2015 Vastned will propose to distribute a dividend of € 2.00 per share for the 2014 financial year during the Annual General Meeting of shareholders . Taking into account the interim dividend of € 0.73 per share distributed in August 2014, the final dividend will be € 1.27 per share. The final dividend will be made payable on 15 May 2015.

OUTLOOK

Last year, the share of premium city high street shops increased from 46% at year-end 2013 to 60% at year-end 2014. In order to further improve the quality of the portfolio, striving to secure more stable and predictable results, Vastned has set itself the objective of investing 75% of its portfolio in premium city high street shops. Having sold a large part of its non-core property, the focus in 2015 will be on expanding the portfolios in premium cities in Europe. Furthermore, Vastned will endeavour to optimise the returns from existing property by exploiting opportunities for residential use of the space above shops.

Vastned believes the polarisation between popular and less popular shopping destinations will increase further, which will further increase the demand for retail units in well-known shopping streets in major European cities , but weaken in smaller cities without regional function. Retailers want to be located where consumers like to shop. In their choice of shops, tourism is gaining in importance. And Vastned's strategy is a good fit in that.

Vastned anticipates that retailers will be able to distinguish themselves mainly by innovating more and by prioritising service provision. That is how retailers will have to differentiate in order to retain or persuade consumers. Vastned expects that struggles will increase among retailers who persist with outdated formulas in the mid-segment, or who have too many outlets. Additionally Vastned expects that strong retailers will further integrate sales channels and that retail will purely become a matter of serving the consumer best. Online and offline sales will be integrated, and no longer thought of as being in competition.

Vastned also notes that demand from institutional property funds for premium city high streets has increased. While this confirms our strategic choice, it also intensifies competition for premium city high street property. Vastned's hands-on, proactive and decisive approach has proven to be crucial. In 2014, it did on several occasions. The majority of the acquisitions were off-market deals, secured pragmatically: through old-fashioned persistence, flexibility and teamwork, with short communication lines and no red tape.

Vastned's direct result is largely determined by the rental income and financing costs. Rental income will remain under pressure in lesser locations, but top locations in premium cities will profit from strong demand. In view of the refinancing in 2014 and the current low interest rate, Vastned expects the average interest rate to be lower in 2015. For 2015, Vastned anticipates a direct result of between € 2.10 and € 2.30 per share.

PERSONNEL AND ORGANISATION

ORGANISATION: A CRUCIAL CORNERSTONE OF THE STRATEGY

Vastned's high street strategy demands an organisation driven by 'ownership', in which pro-activeness and a hands-on mentality are the key elements. These qualities drive the daily working methods of our employees and are a major determining factor in the results achieved on the property portfolio. Based on these core values and ambitions, Vastned creates a challenging working environment in which its employees can develop and grow. Vastned has a transparent and informal company culture, in which easy exchange and use of one another's knowledge and experience are crucial.

COUNTRY ORGANISATIONS WITH LOCAL KNOWLEDGE AND EXPERIENCE

Vastned operates in the Netherlands, France, Belgium, Spain, Portugal and Turkey (Istanbul). The Netherlands, France, Belgium and Turkey have dedicated organisations, which mainly deal with property –and asset management in that particular country and financial administration (in consultation with head office). Whether it is a scheduled meeting or in regards to a specific subject, at least once a week, the Managing Director Operations & Investments is in contact, with all the country managers concerning relevant developments in their portfolio, and coordinates and systematically monitors progress on the set objectives.

After the sale of a large part of the Spanish portfolio in 2014, the management of the Spanish portfolio was subcontracted to an external management company formed by the former Spanish country manager. This external Spanish asset and property manager also handles asset and property management of the Portuguese portfolio (in consultation with the head office).

The country teams are under operational management of a country manager, who is responsible for the direction of the organisation, preparation of financial information and property management. Asset management is performed in consultation with head office. There is regular consultation between country managers in international account management meetings, but also in other contexts. Regular reports are provided to the central management team and its staff functions in Rotterdam.

IMPROVED RETAILER RELATIONS

In 2014, Vastned further strengthened its relationships with retailers. More focus on account management helped to gain knowledge on developments in the retail market. The various country teams are in contact with a far higher number of retailers than before. The objective of this is to learn about their strategy, in particular expansion plans, new brand launches, online strategy and specific wishes regarding fixtures and fittings and size of the physical retail units. It also helps Vastned to analyse how it can meet the specific demands of these retailers and respond to trends in the retail market. Its local network and relations with its tenants, the retailers, remain crucial for Vastned.

SHARING KNOWLEDGE AND EXPERIENCE STRENGTHENS THE ORGANISATION

The country teams are continuously sharing information they have gained. This occurs partly informally, but also in formal meetings, which take place quarterly. They are attended by the members of the management team in Rotterdam, and the countries are represented by the country manager and one or more asset managers. In these meetings, other topics are also discussed besides retail developments, such as developments in sustainability, changes in accounting principles, developments in the area of appraisals and in rental and investment markets. This exchange of knowledge and experience now underpins how Vastned defines its group objectives and procedures.

A FEW TOPICS FROM 2014

In 2014, Vastned invited a retail expert to give his views on the developments in the retail sector. The discussion focused on developments in online shopping and its impact on retailers' strategies and (multi-channel) operations.

With the knowledge and experience gained within the organisation, Vastned strives in its investment policy to respond ever better to the developments in retail markets and to retailers' specific needs. Account management must both bring landlord and tenant closer, but otherwise also result in attracting potential new tenants for Vastned's existing and future investment properties.

Vastned values the health and vitality of its employees, and is keen to encourage them to eat healthily and exercise. It is a long-standing tradition that Vastned provides a varied lunch to its employees, including fruit and milk. As of 2015, organic products will be included, so that employees can enjoy a healthy lunch while improving the environment at the same time. To promote its employees' well-being, Vastned decided in 2014 that as of 2015 all employees will receive a 50% discount on a gym membership.

Country	Average sick leave
Netherlands	1.6%
France	3.4%
Belgium	0.3%
Spain	4.4%
Turkey	3.6%
Average	**1.8%**

STAFF CHANGES IN 2014

Depending on their size, the country teams perform management, asset management, property management, (technical) project management and finance & control, either closely supported by head office or independently. In addition, there are various staff positions in IT and in secretarial, fiscal and legal services. Most of these staff positions are centralised at the Rotterdam head office.

The Belgian team in Antwerp, which operates through the listed Vastned Retail Belgium NV also has a relatively large staff.

TOTAL NUMBER OF EMPLOYEES DURING THE YEAR (FTES)

	2014	2013
Rotterdam, Netherlands		
- Management / staff	14	14
- Country team	13	15
Antwerp, Belgium	9	9
Madrid, Spain	4	13
Paris, France	14	17
Istanbul, Turkey	4	5
Average number of FTEs 2014	58	73
Number of staff hired	6	5
Number departed	23	15
Male/female year-end 2014	22/30	33/35
Total year-end 2014	52	68

The main staff changes in 2014 were at management level, in the Netherlands and Spain.

On 1 January 2014, Annelou de Groot joined Vastned as country manager Netherlands. Her appointment will help to strengthen the hands-on and proactive culture that Vastned strives for in the organisation.

In the context of the sale of the Spanish shopping centres/galleries, which was finalised in the first quarter of 2014, the majority of the Spanish team joined the buyer after the sale was completed. Our Spanish country manager also left, to start up his own asset and property management company. Vastned now hires him as an external manager to perform the asset and property management of the Spanish (and Portuguese) portfolio.

Tom de Witte stepped down as CFO on 1 November 2014. He was succeeded by Reinier Walta as CFO and statutory director of Vastned. Mr Walta was nominated and his appointment was approved by the shareholders in the Extraordinary General Meeting of shareholders of 24 November 2014.

The Board of Management is grateful to all employees for their efforts in the past year.

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Vastned's mission is to build a high quality portfolio of high street shops, with a professional organisation and a conservative financing strategy to realise more stable and predictable results. In all its activities, Vastned pursues the interests of its tenants, its shareholders and other stakeholders.

Vastned feels it is important to contribute positively to society while taking account of the interests of its stakeholders. To professionalise CSR within the company Vastned has formed a CSR-taskforce consisting of the CEO and several senior employees. During 2014 the team has identified the CSR activities that are being taken already and which steps of improvement could be taken that are in line with the pragmatic Vastned approach.

Vastned's business focuses on leasing retail units in popular shopping streets of selected bigger cities in Europe with historic city centres so-called premium city high street shops. A large part of the properties in Vastned's portfolio are over 100 years old, and are often in areas of (inter)national cultural heritage. Vastned's objective is to raise the share of premium city high street shops to 75% of the total property portfolio (year-end 2014: 60%). By investing in the premium city high street shops Vastned lengthens the functional lifetime of these historical properties, which are sustainable as such due to their long existence. Additionally, Vastned fulfils an important role in the preservation of cultural heritage and contributes to the liveliness and safety of historic inner cities. Moreover, because Vastned will explore more opportunities to create residential housing above retail units.

Vastned leases its shops on a "core and shell" basis. The completion, including fit out and installation of the leased property, is the responsibility of the tenant.

CSR Policy

During 2014 Vastned has formulated an official CSR policy that identifies the most important CSR topics for Vastned. The CSR policy is available on www.vastned.com

Vastned acts on the basis of a number of principles to mitigate its environmental impact and where possible contribute positively to society.

Principles

- Vastned and its employees will comply with laws and regulations at all times;
- Vastned strives to mitigate its environmental impact;
- When opportunities arise, Vastned will endeavour to extend the (economic) life of the properties it owns and improve their energy efficiency;
- To promote quality in the organisation and the well-being of its employees, Vastned will continuously invest in its employees;
- Vastned and its employees will always act integer, honest and ethical;
- Vastned aims to provide positive contributions to society.

Taskforce

Vastned has set up a CSR taskforce which drives CSR within the company through knowledge transfer and by creating awareness of the CSR policy and principles in the company and if possible also outside. The taskforce comprises of the CEO and a number of senior employees.

Evaluation

In line with the professionalisation of CSR within the company, Vastned has formulated several targets and has taken action. Vastned will evaluate the performance annually in het annual report.

CSR OBJECTIVES

Vastned has formulated the following objectives and taken the following actions:

	Objectives and measures	Position year-end 2014
Environmental impact reduction	Growth of the share of premium city high street shops to 75%	60% of the portfolio is invested in premium city high street shops
	Raising the number of properties with an energy certificate to 45% by year-end 2015	39% of the properties has an energy certificate
	A third of all concluded leases in 2015 on premium city high street shops will have a green clause	Several leases have a green clause
	Reducing paper use by 5% in 2015	Paper use in the Netherlands was 1,562 kg in 2014
	As of 2015, at renovations and refurbishments of premium city high street shops, Vastned will use only sustainable materials and implement energy saving measures where possible	In renovations and refurbishments, Vastned mainly uses sustainable materials
Promoting the health and well-being of its employees	Vastned will provide its employees in the Netherlands a daily lunch with organic products, fruit and milk	In the Netherlands, Vastned provides its employees a lunch with fruit and milk
	Vastned will compensate half of the costs of a gym membership for its employees in the Netherlands	✗
	Employees will receive a contribution to supplementary health insurance in the Netherlands	✓
Contribute to society	Vastned will give every employee one additional day off to spend on volunteer work	✗
	Vastned will endeavour to create residential apartments above shops where possible	In the Netherlands Vastned installed a team that focusses on creating residential space where possible

ACTIVITIES IN 2014

Decrease negative impact on the environment

Over 2014, Vastned has renovated a number of properties, one of which was Hoogstraat 27 in The Hague, leased to Credo men's fashion, where we created an additional 160 square metres of retail space by making optimum use of the upper floors and extending the shop at the rear. In this refurbishment, Vastned utilised sustainable materials and opted for a moss sedum roof. With this green roof covering, coupled with energy saving measures and use of sustainable materials, the energy label of the shop improved from F to A.

In Istanbul Vastned completed the flagship stores of H&M, ZARA in 2013 Armani in 2014. In these refurbishments, Vastned utilised sustainable materials and opted for a BREEAM certificate. Vastned has received the PASS BREEAM certificate for the premium city high street shop at Istiklal Caddesi 161 which is leased to ZARA, making it the first and currently only high street shop on Istaklal Caddesi with a BREEAM certificate. Vastned has applied for two more BREEAM certificates, which are expected to be issued before 30 June 2015.

In the course of last year, Vastned has taken several internal measures to reduce its environmental impact. Vastned reduced its CO_2 emissions in the Netherlands from 167 tonnes at year-end 2013 to 156 tonnes year-end 2014. Paper use fell by 4% from 1,626 kg at year-end 2012 to 1,562 kg at year-end 2014 by digitising certain processes. Vastned also decided to use only green energy for its Dutch office, and to serve fair trade coffee. The lunch Vastned serves its employees will also include organic products.

In 2014, Vastned put a great deal of effort into letting out the residential floors above the shops. For example, five studios were created for young professionals at Oudegracht 124-128 in Utrecht, optimising rental income and also contributing to the liveliness and safety of historic city centres, which benefits residents, retailers and landlords.
In the conversion of the upper floors Vastned exclusively used sustainable materials and took energy-saving measures.

Increase the health and wellbeing of employees

To Vastned the health and wellbeing of its employees is of great importance and therefore it decided to compensate half of the costs of a gym membership for its employees. Furthermore the lunch will be expanded with organic products and employees as well as visitors are offered fresh fruits.

Social involvement

It is important to Vastned that everybody makes a contribution to society. Vastned will therefore give employees one additional day off to spend on volunteer work.

CORPORATE GOVERNANCE

This section contains an overview of the governance structure at Vastned Retail N.V. ('Vastned' or the 'Company') and the information required pursuant to the Dutch Corporate Governance Code.

GOVERNANCE STRUCTURE

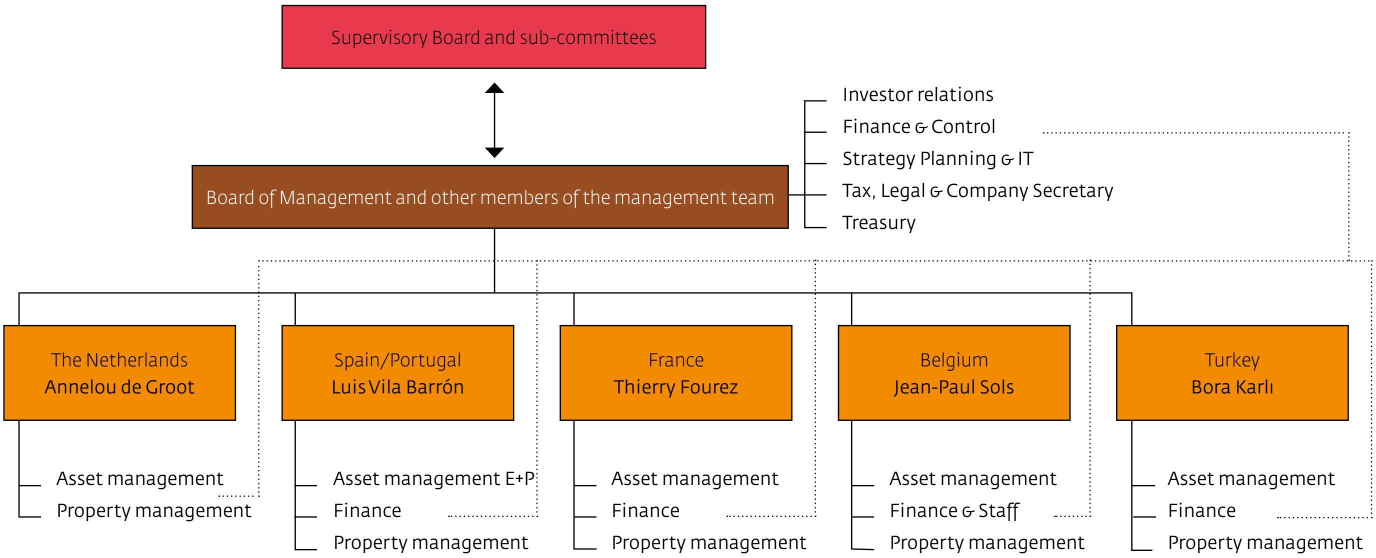
Vastned is a public limited company founded under Dutch law with a two-tier management structure, meaning that there is a separate Executive Board and Supervisory Board. Vastned shares are listed and are traded on Euronext Amsterdam.

The Financial Supervision Act has been amended by the implementation of the European directive 2011/61/EU concerning alternative investment fund managers ('AIFMD'). Based on this amendment, Vastned is not an (alternative) investment fund within the meaning of the Financial Supervision Act ('Wet op het financieel toezicht'), so that its licence has not been converted by operation of law on 22 July 2014. As a result, the Vastned's licence as (a manager of an) investment fund ended on 22 July 2014. The regulations for listed companies, as set out inter alia in the Financial Supervisory Act, remain fully in effect.

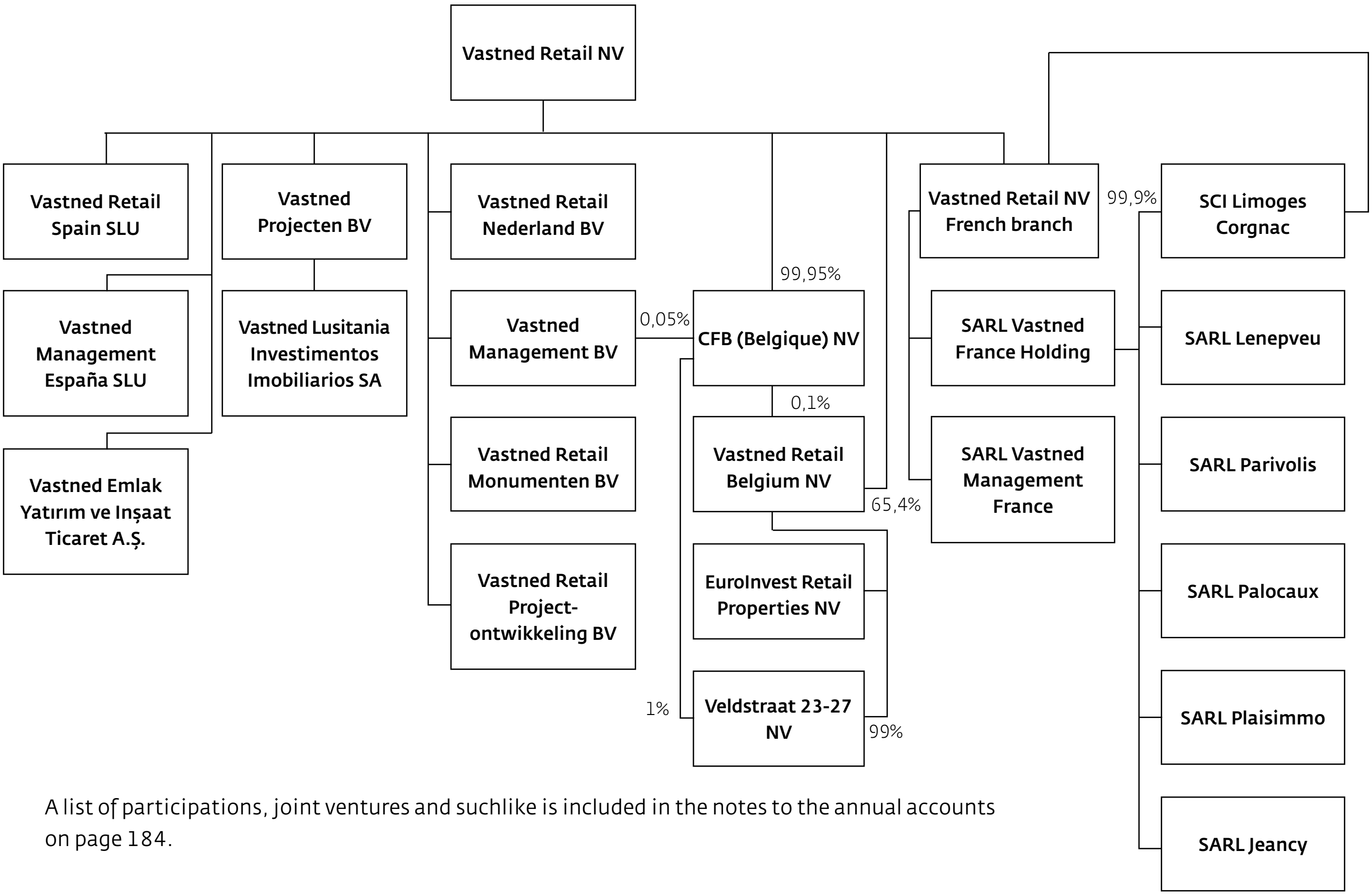
One consequence of the termination of the licence referred to above is that the Company no longer qualifies as an investment institution with variable capital as defined in Article 76a of Book 2 of the Dutch Civil Code. As a result, the Company's Executive Board's statutory authority to issue or purchase shares has been cancelled. The Executive Board must now seek approval from the Annual General Meeting to issue or purchase shares. On 14 May 2014, the Annual General Meeting has authorised the Executive Boardconditionally and subject to approval until 15 November 2015 to:

1. issue shares or grant rights to acquire shares up to a maximum of 10%, and in the event of mergers and takeovers to with another maximum of 10% of the share capital in issue on 15 May 2014;
2. limit or exclude pre-emptive rights when issuing shares or granting rights to acquire shares.
3. acquire shares in the capital of the company. The purpose of this authority is to give the Executive Board the power to acquire the company's own shares in order to reduce the capital and/or perform obligations based share schemes or for other purposes which are in the interests of the company. The proposal is made pursuant to Article 98, paragraph 4 of Book 2 of the Dutch Civil Code. Shares may be acquired on the stock exchange or otherwise, for a price between nominal value and 110% of the average closing price of the shares on the Euronext Amsterdam N.V. Stock Exchange, calculated over five trading days preceding the day of purchase. Shares may be purchased up to a maximum of 10% of the share capital in issue on 15 May 2014.

Vastned's organisational structure is presented below.



Vastned's legal structure and its most important interests at year-end 2014 are presented below.



A list of participations, joint ventures and suchlike is included in the notes to the annual accounts on page 184.

MANAGEMENT OF THE COMPANY

THE EXECUTIVE BOARD AND OTHER MEMBERS OF THE MANAGEMENT TEAM

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

Vastned's articles of association stipulate that the number of members of the Executive Board is set by the Supervisory Board. The Company's management team comprises the Executive Board, the Managing Director Operations & Investments, the General Counsel and the Investor Relations Manager. The management team generally meets fortnightly.

APPOINTMENTS, SUSPENSIONS AND DISMISSALS

The Executive Board is appointed by the Annual General Meeting based on a binding nomination. The Annual General Meeting of shareholders may remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast which represent at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but an absolute majority of the votes were cast in favour of a resolution to remove the binding nature of the nomination, a new meeting is convened in which the resolution may be adopted irrespective of the proportion of capital represented at this meeting.

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

COMPOSITION OF THE EXECUTIVE BOARD

- Taco T.J. de Groot, Statutory Director, Chief Executive Officer
- Reinier Walta, Statutory Director, Chief Financial Officer

OTHER MEMBERS OF THE MANAGEMENT TEAM

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

The curricula vitae of the members of the Executive Board and other management team members are presented on page 24 and 25.

REMUNERATION OF THE EXECUTIVE BOARD

See the separate remuneration report on page 199 in this annual report.

SHARE OWNERSHIP OF THE MEMBERS OF THE EXECUTIVE BOARD

On page 43 in this annual report.

SCHEDULE FOR THE POTENTIAL REAPPOINTMENT OF THE MEMBERS OF THE EXECUTIVE BOARD

	year of first appointment	year of possible reappointment
Taco T.J. de Groot	2011	2015
Reinier Walta	2014	2018

COUNTRY TEAMS

Netherlands
In addition to the Executive Board, which is in charge of the central management and coordination of the various country portfolios from its base in the Netherlands, there is a Dutch team of ten property specialists headed by Ms Annelou de Groot, which operates out of the Rotterdam head office.

France
The French organisation, Vastned Management France, located in Paris, is headed by Mr Thierry Fourez. Vastned Management France has nineteen employees in total, who are responsible for the asset and property management of the property portfolio, and for administration. Only a limited part of the property management is outsourced to third parties.
In addition to Thierry Fourez, the Board of the French legal entities includes the members of the Executive Board of Vastned.

Belgium
The Belgian activities are incorporated in Vastned Retail Belgium in Antwerp. The day-to-day management of Vastned Retail Belgium is in the hands of the Executive Committee ('Directiecomité'), consisting of Mr Jean-Paul Sols (CEO), Ms Inge Tas (CFO) and Mr Rudi Taelemans (COO). The Belgian team comprises nine employees. In 2014, Taco de Groot and Tom de Witte represented Vastned on the Supervisory Board of Vastned Retail Belgium. On 31 December 2014, this board consisted of Mr Taco de Groot and Mr Tom de Witte, representing Vastned, Mr Hubert Roovers, and a number of independent members, namely: Mr Jean-Pierre Blumberg (chairman), Mr Nick van Ommen and Mr Chris Peeters. At the Annual General Meeting of Vastned Retail Belgium NV, to be held on 29 April 2015, Mr Reinier Walta will be nominated for appointment as new member to the Supervisory Board, replacing Mr Tom de Witte.

Spain and Portugal
The Spanish organisation, Vastned Management España, with its registered office in Madrid, is headed by Mr Luis Vila Barrón - former country manager Spain - who has been hired as an external manager by Vastned through the company Santa Marina Retail & Real Estate SL in order to perform activities in the area of asset and property management. From this location, the activities in Portugal are also controlled. A local office has not been set up in Portugal in view of the nature and size of the Portuguese operations.

Turkey
Asset and property management in Turkey is carried out from the local office in Istanbul by Mr Bora Karli with the assistance of two employees. The Dutch organisation is closely involved in the Turkish activities. The members of the Executive Board of the Turkish legal entity are Bora Karli and the members of the Executive Board of Vastned.
Raad van Commissarissen

SUPERVISORY BOARD

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

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

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

COMPOSITION OF THE SUPERVISORY BOARD

- Wouter. J. Kolff, chairman;
- Pieter M. Verboom, vice-chairman; chairman of the audit committee
- Marieke Bax; chairman of the remuneration committee
- Jeroen B.J.M. Hunfeld

The curricula vitae of the Supervisory Board members are presented on page 26 and 27 and the retirement schedule is presented in the Report of the Supervisory Board on page 118.

DUTIES OF THE SUPERVISORY BOARD

The Supervisory Board supervises the day-to-day policy pursued by the Executive Board and assists the Executive Board with advice. In the performance of its duties, the Board pursues the interests of Vastned and its associated companies. In this process, the Supervisory Board weighs the relevant interests of Vastned's stakeholders (including the shareholders). The Supervisory Board is itself responsible for the quality of its performance. Vastned provides the Supervisory Board with the resources necessary for the performance of its tasks. The duties and focus areas of the Supervisory Board include:
- realisation of the Company's objectives;
- the strategy and the risks associated with the business operations;
- the structure and functioning of the internal risk management and control systems;
- the financial reporting process, and compliance with laws and regulations;
- disclosure of, compliance with and enforcement of the Company's corporate governance structure;
- the relationship with shareholders; and
- the social aspects of conducting business that are relevant for the Company.

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

Chairman of the Supervisory Board

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

SUPERVISORY BOARD COMMITTEES

In 2014, the Supervisory Board was supported by three committees that prepared the subjects delegated to them for decision-making in the plenary Supervisory Board: the audit committee, the remuneration committee and the selection and appointment committee. The duties of these committees, their composition and a summary of the most important activities throughout the reporting year are set out in the Chapter 'Report of the Supervisory Board' starting on page 111.

Remuneration of the Supervisory Board

The 2014 remuneration report for the Supervisory Board is included on page 206 in this annual report and placed on the Company's website.

Nature of share ownership (principle)

Members of the Supervisory Board may only hold shares in Vastned as a long-term investment and must purchase these shares at their own cost. When purchasing and selling shares, they will comply with the regulations adopted by the Company as set out in Article 5:65 of the Financial Supervision Act. Transactions are also reported to the Authority for the Financial Markets (www.afm.nl) in accordance with the relevant regulations. As at 31 December 2014, none of the members of the Supervisory Board held any shares in Vastned.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Vastned acknowledges the importance of proper corporate governance as a basis of trust between the Company and its shareholders. With a view to the transparency that is an essential part of corporate governance, Vastned is continuing its practice of reporting extensively in its annual report on how its corporate governance operates and the extent to which the company complies with the Dutch Corporate Governance Code (the 'Code').
Vastned subscribes to the Code and its principles and as at 31 December 2014 complied with all the best practice provisions of the Code.

Annual General Meeting and Corporate Governance

All amendments to the Corporate Governance structure and compliance with the Code will be discussed each time in the Annual General Meeting of shareholders.

Availability of Corporate Governance documents

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

Independence

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

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR MEMBERS OF THE EXECUTIVE BOARD

Transactions with members of the Executive Board

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

Conflicts of interest involving members of the Executive Board

None of the members of the Executive Board is in competition with Vastned in any way. No payments have been made by Vastned to the members of the Executive Board or members of their families, and no member of the Executive Board has granted any third parties an unjustified advantage or arranged for himself or his family to gain from commercial opportunities provided by Vastned. In the context of the Corporate Governance pursued by Vastned, the members of the Executive Board declare that they will comply with the Code and with applicable legislation in all of the abovementioned cases. In the event of a conflict of interest, the member of the Executive Board involved will report that conflict of interest to the chairman of the Supervisory Board. The member in question will not participate in any discussions or decision-making where he has a conflict of interest. In addition, transactions where there is a conflict of interest will be effected at conditions as customary in the industry.

Loans to members of the Executive Board

Vastned Retail has not provided loans to any members of its Executive Board, nor have any members of the Executive Board provided loans to Vastned.

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR THE SUPERVISORY BOARD

Principle

None of the members of the Supervisory Board of Vastned is also a member of a company associated with Vastned or with which Vastned maintains an important business relationship. This system means that the members of the Supervisory Board have a considerable degree of independence. Year-end 2014 the Supervisory Board has four members.

Conflicts of interest involving members of the Supervisory Board

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

Loans to members of the Supervisory Board

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

ANNUAL GENERAL MEETING AND VOTING RIGHTS

The regular Annual General Meeting of shareholders must be held within six months after the close of the financial year. The Annual General Meeting of shareholders is convened in accordance with the laws and regulations applicable to Vastned. One or more shareholders that together represent at least 10% of the share capital in issue may ask the Executive Board to convene an Annual General Meeting. One or more shareholders that jointly represent at least 1% of the share capital in issue may ask for items to be placed on the agenda of the Annual General Meeting, provided they do so at least 60 days before the meeting. Vastned reserves the right to avail itself of the response time as defined in best practice provision II.1.9 of the Code.

Vastned will give notice of the meeting in line with the stipulations in applicable laws and regulations. The agenda and shareholders' circular are available at the offices of Vastned in Rotterdam and from www.vastned.nl. These publications set out inter alia the final registration date for exercising voting rights vested in the share. The minutes of the Annual General Meeting will be made available after the meeting in accordance with best-practice provision IV.3.8. The Executive Board and the Supervisory Board will supply the Annual General Meeting with all information required unless a material interest opposes this.

TOPICS FOR DISCUSSION

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

- adoption of the financial statements for the past financial year;
- declaration of the (final) dividend for the past financial year;
- major changes to the strategy;
- the issuing of new Vastned shares and buy-back of outstanding Vastned shares;
- discharge of the members of the Executive Board from liability for their management conducted during the past financial year;
- discharge of the members of the Supervisory Board from liability for their supervision of the management conducted by the Executive Board during the past financial year;
- appointment/reappointment of a member of the Supervisory Board or the Executive Board, and;
- amendments of the articles of association.

Generally, the following matters are discussed in the Annual General Meeting (without being put to a vote): the minutes of the most recent (Annual) General Meeting of shareholders, de report of the Executive Board for the past financial year with an explanation of the strategy and the state of affairs, the dividend and reservation policies, corporate governance and the remuneration report.

For further details concerning the proposals that the Executive Board or the Supervisory Board may submit to the Annual General Meeting and the relevant procedure, reference is made to the Company's articles of association.

(SPECIAL) CONTROLLING RIGHTS

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

In order to be adopted by the Annual General Meeting, most resolutions require an absolute majority (half of the votes cast plus one). Pursuant to the articles of association, the following resolutions may be adopted only with a qualified majority:

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

A resolution to suspend or dismiss a member of the Executive Board or of the Supervisory Board, not proposed by the Supervisory Board, may only be adopted by an absolute majority of the votes cast which represent at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but an absolute majority voted in favour of a resolution to suspend or dismiss a member, a new meeting is convened in which the resolution may be adopted by an absolute majority of the votes cast irrespective of the proportion of capital represented at this meeting.

Resolutions that have not been proposed by the Executive Board with the approval of the Supervisory Board to (i) amend the provisions of the articles of association, (ii) dissolve the Company, (iii) wind up the Company's business, or (iv) file a petition for bankruptcy or a moratorium on payments may be adopted only by a majority of more than two thirds of the votes cast in a meeting in which more than three quarters of the issued capital is present or represented.

FINANCIAL REPORTING AND THE EXTERNAL AUDITOR

Financial reports are drawn up in accordance with internal procedures. The Executive Board and the Supervisory Board are jointly responsible for ensuring that the financial reports are accurate, complete and published on time. The external auditor is also involved in the content and publication of the semi-annual figures, the annual accounts and the associated press releases. The external auditor will attend the Annual General Meeting and may be asked to comment on his audit opinion concerning the accuracy of the annual accounts. The external auditor in all cases attends the meetings of the Supervisory Board and/or the audit committee in which the annual accounts are discussed.

CODE OF CONDUCT AND WHISTLEBLOWER'S CODE

Vastned has drawn up a code of conduct that applies to all employees, including the Executive Board. A whistleblower's code has also been implemented, which allows employees and board members to report abuses within the company without fear for their own employment. The codes have been published on www.vastned.com.

ARTICLE 10 OF THE EU TAKEOVER DIRECTIVE

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

a. The Company's capital structure, the composition of the issued capital and the dividend policy are set out in the chapter 'Shareholder Information' on page 41 in this annual report. The rights associated with these shares are laid down in the Company's articles of association, which can be inspected on the Company's website. Briefly, these rights with regard to ordinary shares consist of the right to attend the Annual General Meeting, to address the meeting and exercise the voting right, and the right to receive distributions from the Company's profits after reservations. As at 31 December 2014, the issued capital consisted entirely of ordinary (bearer) shares.

b. The Company has not placed any restrictions on the transfer of ordinary shares.

c. For participations in the Company subject to a disclosure obligation (under Articles 5:34, 5:35 and 5:43 of the Financial Supervision Act), reference is made to the chapter 'Shareholder Information' on page 43 in this annual report. Shareholders holding an interest of 3% or more as at year-end 2014 that are known to the Company are listed in the section 'Share Ownership'.

d. There are no shares in the Company that bear special controlling rights.

e. The Company does not have an arrangement granting employees the right to subscribe for or acquire shares in the capital of the Company or any of its subsidiaries.

f. The voting rights vested in the shares in the Company are not restricted, nor are the periods for exercising the voting rights restricted.

g. There are (as far as known) no agreements with shareholders that could result in restrictions on the transfer of shares or the voting right.

h. The provisions for appointing and dismissing members of the Executive Board and members of the Supervisory Board and for amending the articles of association are laid down in the Company's articles of association.

i. The general powers of the Executive Board are laid down in the articles of association. On the first page of this chapter on page 91, the authorities granted by the Annual General Meeting to the Executive Board to issue or purchase shares are presented.

j. Various loan agreements between the Company and external financiers contain change of control clauses.

k. The Company has made no agreements with members of the Executive Board or employees that provide for remuneration upon termination of employment resulting from a public offer within the meaning of Article 5:70 of the Financial Supervision Act.

CORPORATE GOVERNANCE STATEMENT

This is a statement pursuant to Article 2a of the Decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) dated 10 December 2009 (hereinafter the 'Decree'). For the disclosures in this statement as defined in Articles 3, 3a and 3b of the Decree, please see the relevant sections of the 2014 annual report. The following announcements should be considered as having been included and repeated here: the disclosure concerning compliance with the principles and best practices of the Dutch Corporate Governance Code, including the motivated statement of deviations from the compliance with the Code, which can be found in the chapter 'Corporate Governance' on page 96 in the annual report;

- the disclosure concerning the main features of the risk management and control system relating to the financial reporting process of the Company and the Group, as described in the section 'Risk Management' on page 101 in the annual report;
- the disclosure regarding the functioning of the Annual General Meeting of shareholders and its main powers, and the rights of the shareholders and how they may be exercised as described in the chapter 'Corporate Governance' on page 97 in the annual report;
- the disclosure regarding the composition and functioning of the Executive Board, as contained in the 'Report of the Executive Board' on page 93;
- the disclosure about the composition and the functioning of the Supervisory Board and its committees, as contained in the 'Report of the Supervisory Board' and the 'Composition of the Supervisory Board on page 114 and 117 of the annual report respectively';
- the disclosure pursuant to Article 10 of the EU Takeover Directive is included in the chapter 'Corporate Governance' on page 99 in the annual report.

RISK MANAGEMENT

As the environment in which it operates is constantly changing, Vastned must continuously adapt to changing circumstances. Vastned distinguishes a number of key trends that may impact its risk profile. The way in which Vastned deals with these trends and in particular with the risks involved in them, forms a fundamental part of its risk management.

KEY TRENDS

Forecasts for the next few years suggest that the European economies will experience moderate growth. Despite a tentative recovery, unemployment is expected to remain relatively high for the next few years. In this climate, growth in consumer spending in the short term will be limited.

Most European economies have an ageing population and falling population growth. There is, however, a noticeable population increase in bigger cities (urbanisation) due to influx from the countryside and smaller cities.

The internet, social media, tablets, smart phones etc. have dramatically shaken up the retail landscape over the past few years. Leading retailers turn the opportunities these changes create to their advantage. They combine the different sales channels to serve their consumers best. And the physical shop plays a key role in this. That's why retailers are ever more selective about the location of their shop. They want their shop to be where their customers prefer to shop. The number of outlets is less important than their location - quality over quantity.

Over the past year, the interest for premium city high street shops from private equity funds and institutional investors, like insurers, sovereign wealth funds and pension funds, has boomed. This has increased competition for acquisitions.

Increased regulation to reduce volatility on the financial markets and to strengthen the banking sector (such as Basel III, Solvency II and the AIFM directive). These regulations impact the availability of financing for businesses and consumers, and the willingness of financial parties to invest in or finance property.

STRATEGIC OBJECTIVES UPDATED

In response to these developments, Vastned further updated its strategic objectives in 2014:

Further quality improvement of the portfolio. In addition to its focus on the better shopping streets in bigger cities, Vastned has set itself the target of raising the share of high street shops in 'premium cities' to 75%. Premium cities are selected cities that feature positive demographic trends, strong purchasing power, a historic city centre, tourist appeal and the presence of national and international institutions and universities;

an even stronger focus on our customers, our tenants, and on further expanding our knowledge of the retail market; and

further optimisation of the financing strategy by diversifying financing sources, while adhering to a conservative loan-to-value ratio of 40-45%.

In 2014, major steps forward were made on this strategy so as to respond and where possible exploit the abovementioned trends. In 2015, further steps will be taken in the context of the updated strategy to limit the risks associated with these trends.

DESCRIPTION OF RISKS RELATED TO THE STRATEGY AND INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

In accordance with the Dutch Corporate Governance Code, the main risks to which Vastned is exposed in the context of the execution of its strategy are described below. In addition to these strategic risks, the financial risks, reporting risks, operational risks and compliance risks are set out.

Vastned's risk management and control system aims to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified adequately and controlled within the context of a limited risk profile. The table below states the main risk categories facing Vastned. For every category, its potential impact is set out as well as the way Vastned attempts to control the risk.

STRATEGIC RISKS:

Impact of external factors arising from choices relating to the investment and financing policies.

Potential impact:
- The choice of investment country, investment type, relative size and time of investment can have major impact on the exposure to inflation, currency fluctuations, consumer spending, rent legislation and permit regulations on expected rent developments and demand for retail locations, and therefore on development in the value of property.
- The degree of leverage and the rent risk policy have significant influence on (the volatility of) the financing costs and the refinancing risks.

Control measures::

A strategic choice has been made to:
- focus on retail investments in the most popular shopping streets (high streets) in selected premium cities, whose authenticity and appeal guarantee good footfall rates and are therefore attractive to retailers. At year-end 2014, the share of premium city high street shops was 60% of the total portfolio;
- investments primarily in cities in the eurozone, with a relatively stable political and economic climate, being the Netherlands, France, Belgium, Spain and Portugal. For further information on the rent regimes in these countries, see page 222;
- a high degree of spreading over different properties/locations and tenants (see key figures for the property portfolio). The gross rental income from the biggest property and the biggest tenant at year-end 2014 represented 4% and 13% respectively of the total rental income;
- sufficient critical mass per country/region so as to guarantee adequate local knowledge and therefore sound research. There are adequately equipped teams in all countries;
- maximum size of the Turkish property portfolio 10% of the total property portfolio, focusing on retail property in the best shopping streets (high streets) of Istanbul; and
- a conservative financing policy (see further under Financial risks);

decisions to change the strategy are subject to approval from the Supervisory Board.

FINANCIAL RISKS:

Control measures:

Valuation risk:
The risk that properties are valued incorrectly.

Potential impact:
- Reputation damage and potential claims for making misleading statements to stakeholders; and
- lower indirect result.

Control measures:
- Independent external appraisers, who are rotated periodically;
- internal IRR analyses; and
- following internationally accepted valuation guidelines such as those drawn up by the Dutch Platform van Taxateurs en Accountants (PTA).

Liquidity risks:
The risk that insufficient resources are available to handle daily payment obligations.

Potential impact:
- Reputation damage;
- higher financing costs; and
- lower direct result.

Control measures:
- Procedures to reduce operational risks that may interrupt cash flows (see Operational risks);
- attracting adequate credit facilities to ensure sufficient credit. At year-end 2014, unused financing facilities totalled € 150.3 million;
- preparing daily cash flow prognoses, and;
- internal monitoring of the credit margin and conditions by means of periodic internal financial reports.

(Re)financing risks:
Risks that insufficient (long-term) loan capital can be raised, or only at unfavourable conditions, or that the agreed loan covenants are breached.

Potential impact:
- Insufficient financing room for investments;
- forced sale of property;
- higher financing costs;
- reputation damage; and
- lower direct and indirect result.

Control measures:
- Frequent contact with (potential) shareholders and financiers by means of roadshows;
- transparent financial reporting and analysts' meetings;
- limiting loan capital financing to 50% of the market value of the property; aiming for a loan-to-value-ratio of 40-45%. At year-end 2014 the ratio was 40.3%;
- limiting the share of short-term loans to 25% of the loan portfolio. At year-end 2014 it was 2.8%;
- the company strives to spread its financing over multiple banks and other sources, such as private bond placements. The share of non-bank financing was to rise to 25%. At year-end 2014, the figure was 49.4% of the interest-bearing loans;
- a balanced spread of refinancing dates is aimed for (see table on page 82);
- in principle, the weighted average duration of the long-term loan portfolio should be at least three years. It was 4.7 years at year-end 2014;
- internal monitoring by means of periodic internal financial reports, which include sensitivity analyses, financing ratios, development of loan covenants and financing room and internal procedures such as those laid down in the Treasury regulations; and
- periodic board consultations on this matter and discussion of these reports with the audit committee and the Supervisory Board.

Interest rate risks:
Risks arising from interest rate fluctuations.

Potential impact:
- Increased financing costs; and
- lower direct result.

Control measures:
- No more than a third of the loan portfolio has a floating interest rate;
- Interest rates are fixed by concluding interest rate derivative contracts with (inter)national banks;
- The company strives for a balance spreading of rent review dates;
- on the long-term loan portfolio, a fixed-interest period of at least 3.0 years is strived for. It was 3.1 years at year-end 2014;
- internal monitoring of interest rate risks through periodic financial reports, and internal procedures as laid down in the Treasury regulations; and
- periodic board consultations on this matter and discussion of these reports with the audit committee and the Supervisory Board.

FINANCIAL RISKS:

Currency risks:
Risks arising from exchange rate fluctuations.

Potential impact:
- Falling income; and
- lower direct and indirect result.

Control measures:

- Investing primarily in the eurozone;
- no more than 10% of the property portfolio may be invested in Istanbul. At year-end 2014 it stood at 8.6%;
- concluding leases in euros or sometimes in US dollars, while financing (part of) the property in the same currency. At year-end, all leases and financing agreements were denominated in euros.

FINANCIAL REPORTING RISKS:

The impact of incorrect, incomplete or late provision of information on internal decision-making processes or those of external parties (including shareholders, banks and regulators).

Potential impact:
- Incorrect assessment of risk return profile in investment decisions; and
- reputation damage and potential claims for making misleading statements to stakeholders.

Control measures:

A sound system of internal control measures and administrative and organisational measures has been implemented and laid down in various places such as the Administrative Organisation manual, the Code of Conduct, the Whistleblower's Code and the Management Regulations. These provide key checks and balances with respect to financial reports, such as:
- involvement of different disciplines in the preparation of reports and proposals for investments and divestments;
- budgeting, quarterly updated prognoses and analyses of financial results;
- appraisal procedures (independent external appraisers who are are frequently rotated, internal IRR analyses and use of internationally accepted appraisal guidelines);
- periodic business report meetings in which the reports on the operational activities are discussed with the country managers;
- group instructions on accounting principles and report data, as well as internal training in the area of IFRS et cetera; and
- regular consultations on the Board of Management, discussion of the findings of external audits with the Board of Management, the audit committee and the Supervisory Board.

OPERATIONAL RISKS:

Risks arising from daily transactions and (external) events.

(Divestment and) investment risk:
Incorrectly performed (divestment or) investment analysis

Potential impact:
- Incorrect assessment of the risk return profile; and/or
- late investment or divestment;
- negative impact on (future) net rental income;
- unforeseen negative value movements; and
- lower (than expected) direct and indirect results.

Control measures:

Careful acquisition and selling procedures, comprising:
- an extensive due diligence investigation to assess the financial, legal, construction and tax aspects using a standardised due diligence checklist;
- involvement of various disciplines in acquisitions and divestments;
- standard format for investment and divestment proposals; and
- internal authorisation procedures (investments and divestments exceeding € 25 million and renovations exceeding € 10 million are subject to Supervisory Board approval).

OPERATIONAL RISKS:

Control measures:

Leasing and debtor risks:
Risks that in relation to its nature and location and/or the quality of the tenant a property cannot be leased or leased at the expected rent price (leading to vacancy) or that the rent is not collected.

Potential impact:
- Reduced rental income and higher net service charge expenses due to vacancy;
- properties falling in value due to vacancy;
- write-off of outstanding receivables; and
- lower (than expected) direct and indirect result.

Internal procedures aimed at:
- evaluation of the locational factors and the investment property itself at least annually by portfolio and technical managers, and (commissioned) research;
- extensive annual forward-looking yield analyses, including ten-year forecast;
- achieving a balanced spread of lease expiry dates within applicable rent laws and regulations;
- striving to achieve an optimum tenant mix and limiting the exposure to any single tenant (the total gross rental income from Vastned's biggest tenant at year-end 2014 was 13% of the total gross rental income);
- periodic reports on the occupancy rate and rent arrears in the property portfolio, and taking appropriate action;
- assessing tenants when agreeing leases;
- interim assessment of tenants' financial position and payment behaviour through frequent contact with tenants and consultation of external sources of information; and
- requiring bank guarantees and/or payment of guarantee deposits from tenants.

Legal and tax risks:
Risks associated with changes in tax law and corporation law, and risks arising from incorrect assessment of contractual provisions or tax exposures.

Potential impact:
- Legal and tax claims resulting in fines, loss of income or additional costs;
- loss of tax status;
- reputation damage, and;
- lower direct and indirect result.

Internal procedures aimed at:
- evaluation of contractual commitments by internal and, where necessary, external lawyers and tax experts;
- providing employees with relevant technical training;
- continuous monitoring of the conditions for the application of the tax regime, including financing ratios, mandatory dividend distributions and the composition of the shareholder base, by internal and external tax experts;
- careful analysis of legal risks involved in investments and divestments; and
- careful analysis of tax risks involved in acquisitions and divestments, including turnover tax, transfer tax, deferred tax liabilities and related issues.

Cost control risks:
The risk of unforeseen rises in operating expenses and general expenses, or having to make unforeseen additional investments.

Potential impact:
- Incorrect assessment of the risk return profile;
- and lower direct and indirect result.

- Budgeting procedures and maintenance forecasts;
- authorisation procedures for entering into maintenance and investment commitments;
- periodic reports (realisation – budget analysis); and
- benchmarking costs to those of other funds/peers.

ICT risks:
Risks associated with inadequate functioning or security of the internal ICT infrastructure.

Potential impact:
- Late or incorrect internal or external reporting;
- loss of relevant information;
- unauthorised access to information by third parties, and;
- reputation damage.

Internal procedures aimed at:
- access security measures;
- back-up and recovery procedures. Back-ups are collected by an external company daily;
- periodic checks by external experts;
- digitalisation of key documents, and;
- hiring external know-how and experience to stay up to date with developments in ICT.

The ICT network between the countries is centralised in Rotterdam; individual countries are connected to the company's own Wide Area Network by means of fixed lines contracted from professional network providers.

OPERATIONAL RISKS:

Pipeline risks:
Risks associated with acquired property in pipeline.

Potential impact:
- Completion delays;
- deviation from agreed (technical) specifications or lease conditions;
- failure to achieve full occupancy, or at lower than expected rent levels; and lower direct and indirect result.

Control measures:

- The pipeline risk is generally largely transferred to contracted reputed and solid project developers and building contractors. Early involvement in the design of the property and the composition of the tenant mix limits leasing risks;
- regular progress reports (realisation – budget analysis); and
- continuous involvement of in-house commercial and technical experts to monitor progress.

At year-end, property under renovation and in pipeline comprised just € 3.5 million.

CATASTROPHE RISKS:

The risk that a catastrophe causes extensive damage to one or more properties.

Potential impact:
- Loss of rental income;
- tenants filing claims and legal proceedings; and
- lower direct and indirect result.

Control measures:

- Vastned is insured on conditions as customary in the industry for damage to property, liability and loss of rent during the period until the property is rebuilt and re-let; and
- separate earthquake cover has been taken out for the property portfolio in Istanbul.

COMPLIANCE RISKS

Risks associated with failing to comply or comply sufficiently with laws and regulations, and with unethical actions.

Potential impact:
- Reputation damage;
- claims and legal proceedings; and
- lower direct result.

Control measures:

- Internal procedures and training aimed at keeping knowledge of laws and regulations up to date;
- internal code of conduct and whistleblower's code;
- compliance with code of conduct is discussed with employees at least once a year;
- procedures aimed at hiring ethical staff (e.g. including references); and
- country managers sign an internal representation letter at least once a year.

Vastned has a limited number of employees, divided over multiple country teams. Activities in the areas of financing, cash management, taxation, legal affairs, IT, research, budgeting and budgetary control are executed at group level in Rotterdam.

Vastned has not established a separate internal audit department. Given the limited size of the organisation, the short internal communication lines and the limited complexity of day-to-day transactions, the absence of a separate internal audit department is deemed acceptable from the perspective of risk management. Moreover, it is challenging given the limited size of the company to attract and retain well-qualified internal auditors who may perform their duties independent of the Board of Management.

In 2014, focus on internal audit was raised further, the Board of Management and the Supervisory Board annually draw up a plan for this internal audit. As of 2014, it has been decided to outsource a large part of the internal audit to a high-quality and independent third party. Last year, in this context, EY Accountants LLP, specifically in France and Turkey, performed an internal audit on the procedures for decision-making and accountability of selected capital expenditures and maintenance. Also, the functioning of internal procedures in the countries is tested periodically through random checks by the head office.

RESULTS OF THE EVALUATION OF INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

In addition to the further roll-out of the updated strategy, the Board of Management, the audit committee and the Supervisory Board in their meetings frequently discussed the main risks associated with the company's business operations based on the annual working plan. Topics discussed included strategic risks, the risks involved in the valuation process, interest rate and financing risks, maintaining rent levels, occupancy rates and debtor risks, catastrophe risks (including insurance policies and insurer solvency), financial reporting risks, compliance risks (AFM and Euronext regulations, but also permits and safety regulations), and tax and legal risks.

At the country management level, the regular account management meetings, in addition to the developments among retailers in the various countries, also discussed the impact of e-commerce assisted by an external retail expert.

A new due diligence process for acquisitions has been addressed extensively and country teams exchanged knowledge and expertise.

The set-up and functioning of the related internal risk management and control systems were periodically evaluated and discussed with the Supervisory Board. The external auditor's analysis revealed that Vastned has a sound risk management in place, although that in some respects the identification and updating of risks might be improved. The Board of Management and the Supervisory Board have resolved that in 2015 the Board of Management will draw up an integral risk & control framework in which all control measures taken for all core processes are recorded. This framework will not only describe the actual internal control measures, but also structure the way these risks are analysed and controlled. The Board of Management and the Supervisory Board believe that implementing such a framework in the organisation will contribute to being 'in control'. The Board of Management believes that the risk management and control systems provide a reasonable degree of certainty about the financial reporting risks and that these risk management and control systems during the reporting year functioned in such a way as to provide a reasonable degree of certainty that the financial reporting does not contain material misstatements.

SENSITIVITY ANALYSIS

The table below sets out the sensitivity of the direct result, the indirect result and the loan-to-value ratio to a number of external conditions and variables, based on the position at year-end 2014.

Movement in:	**Effect:**
• 100 basis point interest rate increase	• Direct result € 0.09 negative per share
• 10 basis point increase in net initial yield used in appraisals	• Indirect result € 1.30 negative per share, loan-to-value ratio 75 basis points negative
• 100 basis point decrease of the occupancy rate	• Direct result € 0.05 negative per share

RESPONSIBILITY STATEMENT
OF THE BOARD OF MANAGEMENT IN RESPECT OF ARTICLE 5.25C OF THE ACT ON FINANCIAL SUPERVISION

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

- the 2014 consolidated financial statements give a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries;
- the additional management information set out in this annual report gives a true and fair view of the state of affairs at the balance sheet date and the course of events during the financial year of Vastned and its consolidated subsidiaries; and
- the material risks to which Vastned is exposed are described in this annual report.

Rotterdam, 12 March 2015

The Board of Management of Vastned Retail N.V.

Taco T.J. de Groot, CEO
Reinier Walta, CFO


Salvatore

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REPORT OF THE SUPERVISORY BOARD

GENERAL AND WORKING METHODS

In 2014, the Supervisory Board met eleven times. Five of these meetings were held in accordance with the set meeting schedule. Three of the meetings held outside the regular meeting schedule focused on discussing the conditions of the convertible bond that was issued successfully on 3 April 2014; one meeting addressed the further update of the strategy, and two separate meetings concerned the selection and appointment of a new Chief Financial Officer (CFO), the retirement schedule, and the current composition of the Supervisory Board.

The Board of Management and the General Counsel were present at all meetings, and the Managing Director Operations & Investments attended virtually all the meetings. Almost without exception, the meetings were attended by all the members of the Supervisory Board; absences were negligible. Members who were absent submitted their views to the meeting in advance and granted a proxy to another member to cast their vote in the meeting.

To ensure sound decision-making, the Board of Management supplied information to the Supervisory Board promptly at all times. In these meetings the Supervisory Board was informed of positive and negative developments affecting the company and the markets in which the company operates. The Supervisory Board also evaluated regularly recurring topics, including the company's financial and operational results and their disclosure in press releases. In addition, several important unscheduled topics were discussed, described below.

Discussions on virtually all topics were based on memorandums submitted in advance and/or presentations by the Board of Management. In preparation for meetings of the full Supervisory Board, relevant documents were frequently discussed separately in the various Supervisory Board committees. The committee chairs at all times submitted a record of these discussions to the meetings of the full Supervisory Board.

Between meetings there was extensive ad hoc contact between individual members of the Supervisory Board and with the members of the Board of Management. The chairman of the Supervisory Board acts as the first point of contact in this regard. The CEO and the chairman of the Supervisory Board at various times discussed recent events and the current state of affairs within the company.
The chairman of the audit committee was also in frequent contact with the CFO as well as the chairman of the Remuneration Committee with the CEO and CFO. Individual members of the Supervisory Board visited several of Vastned's retail locations and talked to the sales staff.

The General Counsel acts as secretary both of the meetings of the Board of Management and of the Supervisory Board. The secretary deals with the customary organisational tasks of the Supervisory Board. He also provides individual support to the members of the Supervisory Board, specifically to its chairman. Key focus areas are the organisation of the Supervisory Board and its committees, information provision to the Supervisory Board by the Board of Management (including meeting schedules and agendas and monitoring of progress on action points), the Annual General Meeting of shareholders, monitoring of corporate governance regulations and communication with all other relevant parties.

KEY TOPICS IN 2014

Further quality improvement of the property portfolio, further diversification and optimisation of financing, the composition of the Board of Management and the Supervisory Board and a new remuneration policy were the most important items on the agenda of the Supervisory Board in 2014. In addition to its supervisory duties, the Supervisory Board also frequently exercised its advisory duties by offering the Board of Management advice, both on request and on its own initiative.

In its first few meetings in 2014 the Supervisory Board addressed the current composition and succession of the Board of Management and the Supervisory Board. At 1 November 2014, Mr Tom de Witte stepped down as Chief Financial Officer. The Supervisory Board extensively discussed how to fill the vacancy. This resulted in the appointment of Mr Reinier Walta as the company's new CFO as of 1 November 2014. The Supervisory Board is delighted to have him on board. In addition, the Supervisory Board is grateful to Tom de Witte for his contribution to the ongoing business to the moment of arrival of Mr Reinier Walta.

The composition of the Supervisory Board and its committees did not change during 2014. The Supervisory Board resolved to nominate Mr Wouter Kolff for reappointment as chairman for a two-year term, which the Annual General Meeting of 25 May 2014 approved. It was the choice of Mr Wouter Kolff to restrict his reappointment to two years.
Towards the end of 2014, the Supervisory Board discussed its own retirement schedule and composition. In late 2014, Mr Verboom indicated that he wished to step down after an eleven-year term of office at the 2015 Annual General Meeting. The Supervisory Board then drew up a profile and started up the recruitment process. Furthermore, the Board of Management (in its new composition) and the Supervisory Board participated in an assessment led by an external consultant, which improved their understanding of each others' motives and personalities.

Strategy

The Supervisory Board continuously monitors the execution of Vastned's strategy and provides advice to the Board of Management. At the end of 2014 the Supervisory Board and the Board of Management held wide-ranging discussions on Vastned's long-term strategy, which focuses on quality, stability and predictability.
Throughout the year, the Supervisory Board explored current international developments, also by inviting external speakers, in the area of retail and e-commerce, and discussed the impact of these developments on Vastned with the Board of Management, along with SWOT analyses of properties and portfolios. Subsequently, the business plan for 2015 - 2017 was discussed and approved.

The Supervisory Board has determined that the Board of Management has made good progress in 2014 on raising the share of premium city high street shops; at year-end 2014 it was 60% (2013: 46%). In the area of financing, Vastned realised its main objectives: the loan-to value ratio is between 40% and 45%, and the share of non-bank debt is up to 49.4% (2013: 16.5%). Progress has also been made on promoting an entrepreneurial company culture and increasing quality; various positions in the area of asset management were refilled or redefined. International account management, in which local knowledge and experience is exchanged between country teams on issues like acquisition and divestment processes and tenant contacts, was put on a regular basis, which has already produced the first satisfying results.

Property portfolio

In 2014, the Supervisory Board tackled a number of investments and divestments, including the finalisation of the sale of the Spanish non-core portfolio, the sale of non-core property in Belgium for € 35.6 million and in France for € 45 million, and the acquisition of a high street shop at Veldstraat 23-27 in Ghent city centre and the two high street shops at the P.C. Hooftstraat in Amsterdam with tenants Burberry and Mulberry. In addition to its approval, the Supervisory Board where appropriate gave the Board of Management feedback and input on matters relating tot the property portfolio.

Financing

Throughout the year, special attention was paid to the further diversification and optimisation of Vastned's credit facilities. Three meetings at the end of January and in early March were devoted to discussing the process and the conditions of the € 110 million convertible bond issue, which was successfully placed on 3 April 2014. At the end of September 2014, the Supervisory Board approved the taking out of a € 75 million long-term unsecured loan from AXA Real Estate Investment Managers SGP. Finally, the conditions of a syndicated € 300 million five-year credit facility were discussed and approved. With this credit facility virtually all bilateral credit facilities expiring in in 2015 and 2016 were refinanced.

Risk management

The company's risk management is a key topic for the Supervisory Board, especially in the present financial climate. Recurring meeting topics were the main risks connected to the company's operations, including risks related to the valuation process, interest rate and financing risks, maintaining rent levels, the occupancy rate and debtor risks. The structure and functioning of the corresponding internal risk management and control systems were evaluated periodically and discussed with the Supervisory Board. The external auditor's analysis revealed that Vastned has a sound risk management in place, although identification and updating of risks leaves room for improvement. During the November 2014 strategy meeting, it was resolved that the Board of Management would draw up an integral risk & control framework, in which the control measures for all core processes are laid down. This framework not only describes the factual internal control measures, but also informs the system by which these risks are analysed and controlled. The Board of Management and the Supervisory Board believe that implementing such a framework in the organisation will further add to 'being in control'.

REGULAR TOPICS

In all regular meetings in 2014 Vastned's financial and operational results of the past quarter were extensively discussed and subsequently approved. In this context, key developments in the existing property portfolio in each country were discussed in detail, inter alia in relation to property valuations, leasings and acquisitions and divestments. In addition, the outlook of the Board of Management on these results was assessed in each of these meetings. Other regular topics on the agenda were the press release of the financial results, personnel matters and developments in the area of corporate governance.

Corporate Social Responsibility

Corporate social responsibility was discussed quarterly in the context of the reports of the Board of Management to the Supervisory Board on the state of affairs in the property portfolio.

Annual figures 2013

The meeting in early March 2014 mainly focused on the results for the 2013 financial year, the 2013 financial statements, the annual report and the external auditor's management letter. The 2013 annual figures were discussed in the presence of Deloitte. In the management letter no issues were raised that were important or material enough to include in this report. The objectives of the Board of Management for 2014 were discussed and agreed, and the realisation of the targets set for 2013 were evaluated. Also, a new financial calendar and meeting schedule were set. Finally, the Board of Management reported on the activities in connection with account management within the organisation.

Investor relations activities

Throughout the year, the Supervisory Board received detailed information on investor relations. Updates were given in several meetings, and reports on Vastned from several analysts were sent to the Supervisory Board promptly.

Relations with shareholders

The Supervisory Board feels that the shareholders' meeting is a key forum to engage with shareholders. It deems a high degree of shareholder participation in these meetings of the greatest importance. Furthermore, the Supervisory Board feels that contacts between the company and shareholders outside shareholders' meetings are important, both to the company and to shareholders. The chairman of the Board of Management is the first point of contact for shareholders.

Relations with the external auditor

Deloitte Accountants B.V. is Vastned's external auditor. The chairman of the Supervisory Board and the chairman of the audit committee consult every year with the external auditor's lead partner. Annually, the Supervisory Board also discusses the functioning of the external auditor. The external auditor is not present during these discussions. The Supervisory Board and the audit committee agree that the collaboration with Deloitte is transparent and positive. Deloitte adds value to the improvement of the financial reporting processes and challenges the Board of Management in a constructive and positive way. In consultation with the external auditor, the Supervisory Board has concluded that the control level of the financial reporting risks and Vastned's internal control are adequate.

The Supervisory Board and the Board of Management attach great importance to clear communication and transparency in their account to shareholders and other stakeholders of the (financial) performance, strategy and activities. In the preparation of the audit of the 2013 annual accounts, it was decided in consultation with the external auditor to issue a far more extensive auditors' statement than before, which included details on the scope of the audit, materiality and identified risks. The Supervisory Board is delighted that this auditors' statement won the award for best audit opinion of Dutch listed companies of 2013 from corporate governance specialist Eumedion. The Board is also very pleased that the 2013 annual report received the EPRA Gold Medal Award. This award is presented to companies that have best complied with EPRA's Best Practice Recommendations aimed at enhancing the transparency and consistency of financial reporting.

Evaluation of the Supervisory Board

The Supervisory Board annually performs an evaluation of its own performance. At the end of November 2014, the Supervisory Board evaluated its own performance and the performance of its individual members during 2014 in a private meeting. For this evaluation, all members of the Supervisory Board completed an extensive questionnaire, which addressed both institutional and procedural aspects, such as the composition and profile of the Supervisory Board, the decision-making process, the quality of the supervisory process and the information provision to and communication with the Supervisory Board. Relational aspects were also addressed, including team and individual performance, relations with the Board of Management and the performance of the chairman of the Supervisory Board. In this context, the views of the Board of Management and the General Counsel were also sought. The individual answers to the questionnaires were sent to the General Counsel anonymously, who then compiled all the answers into a general report. In this context, the chairman of the Supervisory Board also spoke to each of the members of the Supervisory Board and the Board of Management individually. The report and the individual discussions formed the basis for the Supervisory Board's evaluation of its own performance.

The conclusion of the evaluation was that the Supervisory Board generally performs well, that cooperation within and with the committees is good, that the Board operates independently and that it is adequately equipped for its duties. The preparatory activities of the committees increase the efficiency of Supervisory Board meetings. Preparations by the Board of Management were also viewed as satisfactory. A large part of the suggestions for improvement made in 2013 were followed, including the suggestion to allow more time for discussion. Suggestions for further improvement arising from the evaluation in 2014 included devoting more attention to evaluating decisions made in the past, more meetings without the Board of Management and extending contacts with the management layer below the Board of Management.

Continuous education

Members of the Supervisory Board may follow instructional courses on all topics relevant to exercising supervision. In the context of continuous education, several members of the Supervisory Board took course modules, including on corporate governance. Additionally, the Supervisory Board is informed by Vastned on a daily basis about national and international property developments and frequently on developments in the area of corporate governance. Furthermore, the induction, training and education programme was discussed, and some suggestions were made for improvements in 2015.

REPORT OF THE COMMITTEES OF THE SUPERVISORY BOARD

In 2014, as in previous years, the Supervisory Board was supported by three committees that prepared the subjects delegated to them for decision-making in the plenary Supervisory Board: the audit committee, the remuneration committee and the selection and appointment committee. All committee members are also members of the Supervisory Board. The committees each report their findings to the full Supervisory Board through its chairman, and submit reports in writing on the meetings they hold.

REPORT OF THE AUDIT COMMITTEE

Duties

The audit committee is charged with supervising the Board of Management on financial issues and with providing advice in this area to the Supervisory Board. The committee supervises the financial reporting process, the statutory audit of the annual accounts and the consolidated annual accounts, the company's risk management system, compliance with laws and regulations and the functioning of the codes of conduct. The audit committee reports on its deliberations and findings quarterly. At least once a year it reports on developments in the relationship with the external auditor. Once every four years, a thorough assessment is made of the performance of the external auditor.

Composition

The audit committee is composed of two members, chairman Mr Verboom and Mr Hunfeld. The composition of the audit committee did not change during the reporting year. Mr Verboom may be qualified as a financial expert within the meaning of the Code.

Summary of activities

In 2014 the audit committee met four times; one member was absent at one meeting. The other two members of the Supervisory Board were present at this meeting, as was the Board of Management at all times. Minutes were drawn up of all these meetings and shared with the full Supervisory Board. The relevant parts of the meetings were attended by external auditor Deloitte. During the reporting year, on one occasion the Supervisory Board met with the external auditor in the absence of the Board of Management.

In the various meetings many regular topics were discussed in detail, including: the 2013 annual accounts, the (interim) financial reporting on the 2014 financial year, various developments in IFRS, leasing risks, risks related to cost control, the financing and liquidity position of the company, pensions, insurance matters, catastrophe and liability risks, the fiscal and legal position of the company, internal control and the administrative organisation, publicity risks, shareholders' complaints, integrity, compliance, IT risks, the level and approval of the Board of Management's expenses, and compliance with other relevant laws and regulations.

In the 2014 reporting year, a number of topics received special attention: for example, the August meeting addressed IT risks in detail and discussed the findings of an external IT audit. This audit identified a few areas of attention which have since been followed up. Vastned's pension position was discussed in detail in multiple meetings, in the context of negotiations on a new contract with the pension provider and the impact of the impending legislation to reduce tax benefits on pensions.

Internal control

Every year, the audit committee evaluates the need for an internal audit function. Vastned does not have a separate internal audit department. in view of the limited complexity of daily operations and very short internal lines of communication, the absence of a separate internal audit department is deemed to be acceptable in terms of risk management. The functioning of the internal procedures in the countries is periodically tested with random checks performed by head office. As of 2014, these tasks are subcontracted to an external party.

In consultation with the audit committee, the Board of Management engaged EY in 2014 to perform audits in Turkey and France, inter alia of the effectiveness of the procedures and the risks involved in the investment and maintenance costs incurred. To the extent relevant to be mentioned in this report, EY's findings show that the procedures are adequate. Elements of the procedures may be standardised better and expanded, and decision-making should be more centralised. The Board of Management and the Supervisory Board accept EY's recommendations, and the Board of Management will act upon them.

In the beginning of May 2014, the audit committee discussed the 2014 audit plan with Deloitte. In addition, the performance of the external auditor was evaluated and found to be adequate. In August 2014, the audit committee discussed the management letter for the 2014 half-year figures in the presence of external auditor Deloitte. This did not involve an extensive review of the figures, but rather a thorough check of the procedures used. In the management letter no issues were raised that warrant mention in this report.

At the end of October 2014, the nine months' figures were discussed. The follow-up of the report submitted by the auditor in the context of the 2013 annual accounts was also discussed. Deloitte concluded that all the issues it had flagged up the year before had been followed up. The discussion of this report with the external auditor did not raise any topics that warrant mention in this report. During this meeting, the audit committee specifically addressed the current financing position and evaluated the terms and conditions of the € 300 million syndicated refinancing announced on 12 November 2014. Lastly, a report in the context of the AIFM directive was issued.

REPORT OF THE REMUNERATION COMMITTEE

Duties

The remuneration committee's fixed duties include evaluating the realisation of the Board of Management's performance targets and setting objectives for the short-term and long-term variable remuneration. The remuneration committee follows trends and developments relating to the remuneration policy through external advisers and regularly checks whether the current remuneration policy is still in line with the market and with current corporate governance standards. In addition, the remuneration committee draws up the remuneration report for consideration by the Supervisory Board. The remuneration report of the Supervisory Board is included on page 206 of this annual report and separately provided as part of the meeting documents for the Annual General Meeting of shareholders.

Composition

The members of the remuneration committee are Ms Bax (chair) and Mr Verboom. The composition of the remuneration committee did not change during the reporting year.

Summary of activities

In 2014 the remuneration committee met four times; there were no absentees. Minutes were drawn up of these meetings and shared with the full Supervisory Board. The committee also frequently consulted outside meetings. In early 2014, the remuneration committee formulated the performance criteria for the short-term bonus of the Board of Management for 2014. On the basis of the current policy, also within the context of the current views on remuneration, the remuneration committee decided to develop a new dealt remuneration policy for the Board of Management. This policy will be put to the Annual General Meeting on 24 April 2015.

REPORT OF THE SELECTION AND APPOINTMENT COMMITTEE

Duties

The selection and appointment committee's duties include drawing up selection and appointment criteria, periodically assessing the performance of the members of the Supervisory Board and the Board of Management, supervising the Board of Management in relation to appointments for higher management positions and taking concrete decisions in the area of selection and appointments. The activities of the selection and appointment committee comprise preparation for the decision-making for recruitment and selection, appointment and evaluation of the members of the Supervisory Board and the Board of Management. The committee also periodically reviews the size and composition of the Supervisory Board and the Board of Management.

Composition

The selection and appointment committee is comprised of all the members of the Supervisory Board, and is chaired by Mr Kolff.

Summary of activities

The committee met three times in 2014; there were no absentees. The Board of Management was not present at these meetings. The main topic was the recruitment and selection, and subsequent nomination of a new Chief Financial Officer. Subsequently, at the end of last year the composition and the retirement schedule of the Supervisory Board were discussed, and the recruitment and selection of two new members of the Supervisory Board was initiated. The committee also frequently consulted outside meetings.

Summary of remuneration report

The remuneration report for the Board of Management and the Supervisory Board can be inspected on the website of the Company and is included on page 199 in this annual report.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of the following four members:

Mr Wouter J. Kolff (1945), Chairman
Mr Pieter M. Verboom (1950), Vice chairman
Mr Jeroen B.J.M. Hunfeld (1950)
Mrs Marieke Bax MBA (1961)

A more elaborated overview of the biographies of the individual members can be found on page 26 and page 27 of this annual report.

For more complete biographies of the members of the Supervisory Board, please refer to Vastned's website. All (other) positions have been checked for compliance with the Management and Supervision (Public and Private Companies) Act.

The retirement schedule for the coming years is as follows:

	Year of first appointment	End of four-year term(s)	Year of reappointment(s)	Latest possible retirement year
Wouter J. Kolff	2006	2010, 2014	2010, 2014	2018 *
Pieter M. Verboom	2004	2008, 2012	2008, 2012	2016 **
Jeroen B.J.M. Hunfeld	2007	2011	2011	2019
Marieke Bax	2012	2016		2024

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

* Mr Wouter Kolff was reappointed for a two-year term by the Annual General Meeting of 15 May 2014. The last possible date for Mr Kolff to resign is 2018, but as mentioned earlier, he will resign in 2016.

** Mr Pieter Verboom will resign from the Supervisory Board in the Annual General Meeting of 24 April 2015. Ms Charlotte Insinger and Mr Marc Van Gelder will be nominated for appointment for a four-year term by the Annual General Meeting. In order to ensure a smooth transition, the Supervisory Board will have five members for a period of one year. Subject to approval from the Annual General Meeting, the Supervisory Board will be comprised of Wouter Kolff (chairman), Jeroen Hunfeld, Marieke Bax, Charlotte Insinger and Marc van Gelder.

PROFILE OF THE SUPERVISORY BOARD

At year-end 2014, the Supervisory Board had four members. One of these (25%) was female. All members hold Dutch nationality. Their ages range between 53 and 69 years; the average age is 62.5 years. All members hold academic or equivalent educational qualifications. The members' expertise represents a good and varied mix of knowledge, experience and insight in the markets in which Vastned operates. The profile of the Supervisory Board ensures that its composition is appropriate; it may be inspected on Vastned's website.

The Supervisory Board believes that a mixed make-up of the Board in terms of nationality, gender, age, expertise, experience and background is a key condition for the Supervisory Board to operate effectively and independently. The Supervisory Board concludes that the Supervisory Board in its present composition has the right diversity in terms of age, expertise, experience and background. Vastned aims for the Supervisory Board to be at least 30% of female and at least 30% male. At year-end 2014, the Supervisory Board did not yet have this balanced make-up. At the Annual General Meeting of 24 April 2015, Ms Charlotte Insinger and Mr Marc van Gelder will be nominated for appointment to the Supervisory Board, and Mr Pieter Verboom will step down. If the Annual General Meeting approves the nominations, Vastned's Supervisory Board will comply with the abovementioned balanced composition of the Supervisory Board.

ANNUAL ACCOUNTS 2014 AND DIVIDEND

ANNUAL ACCOUNTS

We are pleased to present to you the annual report of Vastned Retail N.V. for the 2014 financial year, as prepared by the Board of Management. The annual accounts have been audited by Deloitte Accountants B.V., which issued an unqualified audit opinion. In accordance with the proposal of the Board of Management and the recommendations of the audit committee, the Supervisory Board advises the Annual General Meeting to:

1) adopt the 2014 annual accounts in accordance with Article 27 of the company's articles of association;
2) grant discharge to the members of the Board of Management for the management conducted in the 2014 financial year;
3) grant discharge to the members of the Supervisory Board for their supervision of the Board of Management during the 2014 financial year.

The members of the Supervisory Board have signed the annual accounts pursuant to their duty under the articles of association as defined in Article 2:201(2) of the Dutch Civil Code.

DIVIDEND POLICY

The Annual General Meeting of 19 April 2013 adopted the present dividend policy, which provides for a dividend distribution of at least 75% of the direct investment result per share. In principle, stock dividend will not be distributed. After the conclusion of the first half year, an interim dividend is distributed of 60% of the direct investment result per share.

DIVIDEND PROPOSAL

We endorse the proposal of the Board of Management to distribute a cash dividend of € 2.00 per share to our shareholders. Taking the interim dividend of € 0.73 distributed on 29 August 2014 into account, a final dividend will be declared of € 1.27 per share. The final dividend will be made payable on 15 May 2015. Vastned will put this proposal to the Annual General Meeting of 24 April 2015 for adoption.

ACKNOWLEDGEMENTS

The Supervisory Board wishes to express its gratitude to the shareholders and other stakeholders for their confidence in Vastned. We would like to take this opportunity to thank all Vastned's employees and the Board of Management for their efforts over the past reporting year. We are grateful to Mr Tom de Witte for his years of service to Vastned as Chief Financial Officer over the past almost twelve years. Mr Pieter Verboom will step down during the Annual General Meeting of 24 April 2014 after a many years of service on Vastned's Supervisory Board. We are grateful for his valuable contributions over this period.

Rotterdam, 12 March 2015

The Supervisory Board of Vastned Retail N.V.

Wouter J. Kolff, chairman;
Pieter M. Verboom, vice-chairman; chairman of the audit committee
Marieke Bax; chairman of the remuneration committee
Jeroen N.B.H. Hunfeld, member

EPRA KEY PERFORMANCE MEASURES

EPRA BEST PRACTICES-RECOMMENDATIONS

The EPRA Best Practices Recommendations (BPR) published by EPRA's Reporting and Accounting Committee contain recommendations concerning the determination of key performance indicators for measuring the performance of the property portfolio. Vastned endorses the importance of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report. For this reason, Vastned has decided to include the key performance indicators in a separate chapter of the Annual Report.

The summaries included in this chapter are presented in euros; amounts are rounded off to thousands of euros unless stated differently.

The EPRA BPR Checklist is available on Vastned's website: www.vastned.com

EPRA PERFORMANCE INDICATORS

				(x € 1,000)		per share (x € 1)
EPRA performance-indicator [1]	**Page**	**Table**	**2014**	**2013**	**2014**	**2013**
EPRA Earnings	122	1	46,461	54,195	2.44	2.85
EPRA NAV	123	2	812,447	829,647	42.68	43.58
EPRA NNNAV	123	3	769,455	783,756	40.42	41.17
EPRA Net Initial Yield (NIY) [2]	124	4 (i)	5.2%	5.2%		
EPRA 'topped-up' NIY [2]	124	4 (ii)	5.3%	5.6%		
EPRA Vacancy Rate [2]	126	5	2.3%	3.5%		
EPRA Cost Ratio (including direct vacancy costs)	127	6 (i)	20.3%	20.3%		
EPRA Cost Ratio (excluding direct vacancy costs)	127	6 (ii)	19.2%	17.0%		

[1] The EPRA performance indicators are calculated on the basis of the definitions published by the EPRA and are included in the list of definitions on page 224.
[2] The Spanish shopping centres sold at the beginning of 2014 were left out of the calculations of the performance indicators for 2013.

1 EPRA EARNINGS

	2014	2013
Result in accordance with the IFRS Profit and Loss Account	31,706	(91,176)
Value movements in property	797	121,575
Net result on disposal of property	2,606	9,468
Financial expenses	595	-
Value movements in financial derivatives	5,118	12,356
Movement in deferred tax assets and liabilities	3,318	(3,956)
Attributable to non-controlling interests	2,321	5,928
EPRA Earnings	**46,461**	**54,195**
EPRA Earnings per share (EPS) (x € 1)	2.44	2.85

2 AND 3 EPRA NAV AND EPRA NNNAV

	31-12-2014		31-12-2013	
		per share (x € 1)		per share (x € 1)
Equity Vastned Retail shareholders	782,213	41.09	784,917	41.23
Adjustment for effect of convertible bond	-	-	-	-
Diluted Equity Vastned Retail shareholders	782,213	41.09	784,917	41.23
Fair value of financial derivatives	9,762	0.51	29,068	1.53
Deferred tax	20,472	1.08	15,662	0.82
EPRA NAV	**812,447**	**42.68**	**829,647**	**43.58**
Fair value of financial derivatives	(9,762)	(0.51)	(29,068)	(1.53)
Fair value of interest-bearing loans real estate [1)]	(22,994)	(1.21)	(9,556)	(0.50)
Deferred tax	(10,236)	(0.54)	(7,267)	(0.38)
EPRA NNNAV	**769,455**	**40.42**	**783,756**	**41.17**

[1)] The calculation of the market value is based on the swap yield curve at year-end 2014 and the credit spreads in effect at year-end 2014.

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

	Netherlands		France	
	2014	2013	2014	2013
Property	649,666	623,303	331,617	359,406
excluding:				
Property under renovation	-	-	(2,254)	-
Property in pipeline	(1,235)	(1,890)	-	-
Assets held for sale	-	-	-	-
Property in operation	648,431	621,413	329,363	359,406
plus:				
Estimated transaction fees	48,807	46,773	23,481	23,756
Investment value of property in operation (B)	**697,238**	**668,186**	**352,844**	**383,162**
Annualised gross rental income	43,435	42,084	16,880	20,604
Non-recoverable operating expenses	(5,499)	(5,253)	(957)	(1,029)
Annualised net rental income (A)	**37,936**	**36,831**	**15,923**	**19,575**
Effect of rent-free periods and other lease incentives	907	889	365	199
Topped-up annualised net rental income (C)	**38,843**	**37,720**	**16,288**	**19,774**
(i) EPRA Net Initial Yield (A/B)	5.4%	5.5%	4.5%	5.1%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.6%	5.6%	4.6%	5.2%

	Premium city high street shops		High street shops	
	2014	2013	2014	2013
Property	916,312	787,889	329,196	387,343
excluding:				
Property under renovation	(2,254)	-	-	-
Property in pipeline	-	-	-	-
Assets held for sale	-	-	-	-
Property in operation	914,058	787,889	329,196	387,343
plus:				
Estimated transaction fees	49,902	41,401	21,386	24,757
Investment value of property in operation (B)	**963,960**	**829,290**	**350,582**	**412,100**
Annualised gross rental income	46,017	38,428	23,534	26,432
Non-recoverable operating expenses	(3,333)	(2,779)	(2,967)	(2,519)
Annualised net rental income (A)	**42,684**	**35,649**	**20,567**	**23,913**
Effect of rent-free periods and other lease incentives	1,009	5,301	420	187
Topped-up annualised net rental income (C)	**43,693**	**40,950**	**20,987**	**24,100**
(i) EPRA Net Initial Yield (A/B)	4.4%	4.3%	5.9%	5.8%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.5%	4.9%	6.0%	5.8%

Belgium 2014	Belgium 2013	Spain/Portugal 2014	Spain/Portugal 2013	Turkey 2014	Turkey 2013	Total 2014	Total 2013
356,536	361,678	68,654	221,376	132,310	128,632	1,538,783	1,694,395
-	-	-	-	-	-	(2,254)	-
-	-	-	-	-	-	(1,235)	(1,890)
-	-	-	(157,943)	-	-	-	(157,943)
356,536	361,678	68,654	63,433	132,310	128,632	1,535,294	1,534,562
9,142	9,042	2,425	2,293	3,309	3,218	87,164	85,082
365,678	**370,720**	**71,079**	**65,726**	**135,619**	**131,850**	**1,622,458**	**1,619,644**
19,862	21,516	4,300	4,300	8,194	4,126	92,671	92,630
(1,910)	(1,843)	(252)	(120)	(202)	(88)	(8,820)	(8,333)
17,952	**19,673**	**4,048**	**4,180**	**7,992**	**4,038**	**83,851**	**84,297**
569	610	-	-	-	3,960	1,841	5,658
18,521	**20,283**	**4,048**	**4,180**	**7,992**	**7,998**	**85,692**	**89,955**
4.9%	5.3%	5.7%	6.4%	5.9%	3.1%	5.2%	5.2%
5.1%	5.5%	5.7%	6.4%	5.9%	6.1%	5.3%	5.6%

Non-high street shops 2014	Non-high street shops 2013	Total 2014	Total 2013
293,275	519,163	1,538,783	1,694,395
-	-	(2,254)	-
(1,235)	(1,890)	(1,235)	(1,890)
-	(157,943)	-	(157,943)
292,040	359,330	1,535,294	1,534,562
15,876	18,924	87,164	85,082
307,916	**378,254**	**1,622,458**	**1,619,644**
23,120	27,770	92,671	92,630
(2,520)	(3,035)	(8,820)	(8,333)
20,600	**24,735**	**83,851**	**84,297**
412	170	1,841	5,658
21,012	**24,905**	**85,692**	**89,955**
6.7%	6.5%	5.2%	5.2%
6.8%	6.6%	5.3%	5.6%

5 EPRA VACANCY RATE

31-12-2014

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

31-12-2013

	Gross rental income	Net rental income	Lettable floor area (m^2)	Annualised gross rental income	Estimated rental value (ERV) of vacancies	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	46,429	40,524	203,617	42,084	1,446	43,826	3.3%
France	23,440	20,400	57,542	20,604	1,066	22,171	4.8%
Belgium	21,744	19,833	146,851	21,516	1,058	22,470	4.7%
Spain/Portugal	27,129	21,787	10,822	4,300	-	3,814	-
Turkey	4,496	4,204	13,075	4,126	-	8,353	-
Total property in operation	**123,238**	**106,748**	**431,907**	**92,630**	**3,570**	**100,634**	3.5%
Premium city high street shops	36,033	32,223	86,708	38,428	466	46,090	1.0%
High street shops	27,154	24,186	117,343	26,432	1,509	26,550	5.7%
Non-high street shops	60,051	50,339	227,856	27,770	1,595	27,994	5.7%
Total property in operation	**123,238**	**106,748**	**431,907**	**92,630**	**3,570**	**100,634**	3.5%

6 EPRA COST RATIOS

	2014	2013
General expenses	8,897	8,955
Ground rents paid	113	584
Operating expenses	9,685	12,663
Net service charge expenses	932	3,243
less:		
Ground rents paid	(113)	(584)
EPRA costs (including vacancy costs) (A)	**19,514**	**24,861**
Vacancy costs	(1,018)	(3,977)
EPRA costs (excluding vacancy costs) (B)	**18,496**	**20,884**
Gross rental income less ground rents paid (C)	**96,284**	**122,654**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.3%	20.3%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	19.2%	17.0%

In 2014, an amount of € 0.1 million (2013: less than €0.1 million) in operating expenses was capitalised. Vastned capitalises the operating expenses that are directly attributable to property under renovation and in pipeline during the period that the property under renovation and in pipeline are not available for lease. General expenses (overhead) are not capitalised.

DIRECT AND INDIRECT RESULT

DIRECT RESULT

(x € 1,000)	2014	2013
Gross rental income	96,397	123,238
Ground rents paid	(113)	(584)
Net service charge expenses	(932)	(3,243)
Operating expenses	(9,685)	(12,663)
Net rental income	85,667	106,748
Financial income	2,908	956
Financial expenses	(27,006)	(35,347)
Net financing costs	(24,098)	(34,391)
General expenses	(8,897)	(8,955)
Direct result before taxes	52,672	63,402
Current income tax expense	(1,449)	(2,407)
Direct result after tax	51,223	60,995
Direct result attributable to non-controlling interests	(4,762)	(6,800)
Direct result attributable to Vastned Retail shareholders	**46,461**	**54,195**

INDIRECT RESULT

(x € 1,000)

	2014	2013
Value movements in property in operation	(628)	(119,567)
Value movements in property under renovation	410	-
Value movements in property in pipeline	(579)	49
Value movements in assets held for sale	-	(2,057)
Total value movements in property	(797)	(121,575)
Net result on disposal of property	(2,606)	(9,468)
Financial expenses	(595)	-
Value movements in financial derivatives	(1,186)	1,385
Reclassification of unrealised results on financial derivatives from equity	(3,932)	(13,741)
Indirect result before tax	(9,116)	(143,399)
Movement in deferred tax assets and liabilities	(3,318)	186
Reclassification of taxes on unrealised results on financial derivatives from equity	-	3,770
Indirect result after tax	(12,434)	(139,443)
Indirect result attributable to non-controlling interests	(2,321)	(5,928)
Indirect result attributable to Vastned Retail shareholders	**(14,755)**	**(145,371)**
Direct result attributable to Vastned Retail shareholders	46,461	54,195
Indirect result attributable to Vastned Retail shareholders	(14,755)	(145,371)
Result attributable to Vastned Retail shareholders	**31,706**	**(91,176)**

PER SHARE (x € 1)

	2014	2013
Direct result attributable to Vastned Retail shareholders	2.44	2.85
Indirect result attributable to Vastned Retail shareholders	(0.77)	(7.64)
	1.67	**(4.79)**

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

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

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FINANCIAL STATEMENTS 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

NET INCOME FROM PROPERTY

	Notes	2014	2013
Gross rental income	4, 27	96,397	123,238
Ground rents paid	4	(113)	(584)
Net service charge expenses	4	(932)	(3,243)
Operating expenses	4	(9,685)	(12,663)
Net rental income		85,667	106,748
Value movements in property in operation	5	(628)	(119,567)
Value movements in property under renovation	5	410	-
Value movements in property in pipeline	5	(579)	49
Value movements in assets held for sale	5	-	(2,057)
Total value movements in property		(797)	(121,575)
Net result on disposal of property	6	(2,606)	(9,468)
Total net income from property		**82,264**	**(24,295)**
Expenditure			
Financial income	7	2,908	956
Financial expenses	7	(27,601)	(35,347)
Value movements in financial derivatives	7	(1,186)	1,385
Reclassification of unrealised results on financial derivatives from equity	7	(3,932)	(13,741)
Net financing costs		(29,811)	(46,747)
General expenses	8	(8,897)	(8,955)
Total expenditure		**(38,708)**	**(55,702)**
Result before taxes		**43,556**	**(79,997)**
Current income tax expense	9	(462)	(365)
Movement in deferred tax assets and liabilities	9, 14	(4,305)	(1,856)
Reclassification of taxes on unrealised results on financial derivatives from equity	9	-	3,770
Total income tax		(4,767)	1,549
Result after taxes		**38,789**	**(78,448)**
Result attributable to non-controlling interests	30	(7,083)	(12,728)
Result attributable to Vastned Retail shareholders		**31,706**	**(91,176)**

PER SHARE (x € 1)

	Notes	2014	2013
Result attributable to Vastned Retail shareholders	10	1.67	(4.79)
Diluted result attributable to Vastned Retail shareholders	10	1.64	(4.79)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Notes	2014	2013
Result		38,789	(78,448)
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	20	(2,639)	376
Items that have been or could be reclassified to the profit and loss account			
Value movements of financial derivatives directly recognised in equity		5,659	22,525
Reclassification of unrealised results on financial derivatives to profit and loss account		3,932	13,741
Translation differences on net investments		(418)	(1,406)
Taxes on items that have been or could be reclassified to the profit and loss account		-	(7,154)
Other comprehensive income after taxes		6,534	28,082
Total comprehensive income		**45,323**	**(50,366)**
Attributable to:			
Vastned Retail shareholders		38,138	(63,611)
Non-controlling interests		7,185	13,245
		45,323	**(50,366)**

PER SHARE (x € 1)

		2014	2013
Total comprehensive income attributable to Vastned Retail shareholders		2.01	(3.34)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER

(x € 1,000)

	Notes	2014	2013
ASSETS			
Property in operation	13	1,532,199	1,531,860
Property under renovation	13	2,254	-
Accrued assets in respect of lease incentives	13	3,095	2,702
		1,537,548	1,534,562
Property in pipeline	13	1,235	1,890
Total property		**1,538,783**	**1,536,452**
Tangible fixed assets		1,086	1,465
Financial derivatives	25	722	1,417
Total fixed assets		**1,540,591**	**1,539,334**
Assets held for sale	15	-	157,943
Debtors and other receivables	16,18	9,567	7,844
Income tax		3,723	679
Cash and cash equivalents	17	12,712	5,133
Total current assets		**26,002**	**171,599**
Total assets		**1,566,593**	**1,710,933**

EQUITY AND LIABILITIES

	Notes	2014	2013
Capital paid-up and called	19	95,183	95,183
Share premium reserve		472,640	468,555
Hedging reserve in respect of financial derivatives		(5,691)	(15,180)
Translation reserve		(5,728)	(3,870)
Other reserves		194,103	331,405
Result attributable to Vastned Retail shareholders	10	31,706	(91,176)
Equity Vastned Retail shareholders		782,213	784,917
Non-controlling interests	30	83,786	81,245
Total equity		**865,999**	**866,162**
Deferred tax liabilities	14	19,860	15,044
Provisions in respect of employee benefits	20	6,561	4,061
Long-term interest-bearing loans	21	599,388	536,540
Financial derivatives	25	11,222	15,874
Long-term tax liabilities	22	1,128	2,256
Guarantee deposits and other long-term liabilities		3,684	7,158
Total long-term liabilities		**641,843**	**580,933**
Payable to banks	23	2,304	20,722
Redemption of long-term interest bearing loans	21	15,267	198,398
Financial derivatives	25	832	15,856
Income tax		8,818	1,708
Other liabilities and accruals	24	31,530	27,154
Total short-term liabilities		**58,751**	**263,838**
Total equity and liabilities		**1,566,593**	**1,710,933**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve
Balance as at 31 December 2012	95,183	468,555	(44,747)	(2,464)
Adjustment related to change in accounting principles	-	-	-	-
Balance as at 1 January 2013	95,183	468,555	(44,747)	(2,464)
Result	-	-	-	-
Remeasurement of defined benefit obligations	-	-	-	-
Value movements in financial derivatives after deduction of taxes	-	-	18,624	-
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	9,971	-
Translation differences on net investments	-	-	-	(1,406)
Reclassification	-	-	972	-
Total comprehensive income	-	-	*29,567*	*(1,406)*
Disposal of shares in subsidiaries	-	-	-	-
Final dividend for previous financial year in cash	-	-	-	-
2013 interim dividend in cash	-	-	-	-
Contribution from profit appropriation	-	-	-	-
Balance as at 31 December 2013	**95,183**	**468,555**	**(15,180)**	**(3,870)**
Result	-	-	-	-
Remeasurement of defined benefit obligations	-	-	-	-
Value movements in financial derivatives after deduction of taxes	-	-	5,557	-
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	3,932	-
Translation differences on net investments	-	-	-	(418)
Reclassification	-	-	-	(1,440)
Total comprehensive income	-	-	*9,489*	*(1,858)*
Equity component of convertible bond	-	4,085	-	-
Final dividend for previous financial year in cash	-	-	-	-
2014 interim dividend in cash	-	-	-	-
Contribution from profit appropriation	-	-	-	-
Balance as at 31 December 2014	**95,183**	**472,640**	**(5,691)**	**(5,728)**

Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
424,139	(41,000)	899,666	118,705	1,018,371
(4,308)	-	(4,308)	(5)	(4,313)
419,831	(41,000)	895,358	118,700	1,014,058
-	(91,176)	(91,176)	12,728	(78,448)
376	-	376	-	376
-	-	18,624	517	19,141
-	-	9,971	-	9,971
-	-	(1,406)	-	(1,406)
(972)	-	-	-	-
(596)	*(91,176)*	*(63,611)*	*13,245*	*(50,366)*
-	-	-	(43,208)	(43,208)
-	(29,316)	(29,316)	(7,492)	(36,808)
(17,514)	-	(17,514)	-	(17,514)
(70,316)	70,316	-	-	-
331,405	**(91,176)**	**784,917**	**81,245**	**866,162**
-	31,706	31,706	7,083	38,789
(2,639)	-	(2,639)	-	(2,639)
-	-	5,557	102	5,659
-	-	3,932	-	3,932
-	-	(418)	-	(418)
1,440	-	-	-	-
(1,199)	*31,706*	*38,138*	*7,185*	*45,323*
-	-	4,085	-	4,085
-	(31,030)	(31,030)	(4,644)	(35,674)
(13,897)	-	(13,897)	-	(13,897)
(122,206)	122,206	-	-	-
194,103	**31,706**	**782,213**	**83,786**	**865,999**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Result	38,789	(78,448)
Adjustments for:		
Value movements in property	797	121,575
Net result on disposal of property	2,606	9,468
Net financing costs	29,811	46,747
Income tax	4,767	(1,549)
Cash flow from operating activities before changes in working capital and provisions	76,770	97,793
Movement in current assets	3,253	2,482
Movement in short-term liabilities	(358)	(6,767)
Movement in provisions	(285)	(69)
	79,380	93,439
Interest received	1,554	3
Interest paid	(28,710)	(34,636)
Income tax paid	(100)	(1,501)
Cash flow from operating activities	**52,124**	**57,305**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of and capital expenditure on property	(94,635)	(113,332)
Disposal of property	253,223	225,779
Cash flow from property	158,588	112,447
Movement in tangible fixed assets	379	130
Cash flow from investment activities	**158,967**	**112,577**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(44,927)	(46,830)
Dividend paid to non-controlling interests	(4,646)	(7,497)
Interest-bearing loans drawn down	390,907	64,100
Interest-bearing loans redeemed	(530,340)	(179,436)
Unwinding of interest rate derivatives	(14,506)	-
Cash flow from financing activities	**(203,512)**	**(169,663)**
MOVEMENT IN CASH AND CASH EQUIVALENTS	**7,579**	**219**
Cash and cash equivalents as at 1 January	5,133	4,908
Exchange rate differences on cash and cash equivalents	-	6
Cash and cash equivalents as at 31 December	**12,712**	**5,133**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

Vastned is listed on Euronext stock exchange of Amsterdam.

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

2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING

A STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and also comply with the legal provisions concerning the financial statements as stipulated in Title 9 of Book 2 of the Netherlands Civil Code. These standards comprise all new and revised standards and interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective for financial years starting on or after 1 January 2014.

Change in accounting principle for deferred tax assets and liabilities
Following on an agenda decision of the IFRIC in July 2014, Vastned decided to change its accounting principle for deferred tax assets and liabilities. The deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value.
The accounting principle took into account the most likely means of sale of the property. If Vastned expected that the sale of the property would be realised by the sale of the shares of the subsidiary that owns the property, the deferred tax liability was valued at the amount, usually 50% of the nominal tax rate, which was expected to be taken into account in the event of the sale of the shares. This expectation mainly concerned the Turkish and Portuguese property portfolios.
With effect from 1 January 2014, the deferred tax liabilities exclusively include the amounts of income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value.

The changed accounting principle has resulted in the following adjustments to the comparative figures for 2013 (with respect to the figures reported for 2013) (x € 1,000):

		Equity as at 31-12-2013		Result 2013	
	Deferred tax liabilities	Vastned Retail shareholders	Non-controlling interests	Attributable to shareholders Vastned Retail	Attributable to non-controlling interests
Before change to accounting principle	8,583	791,365	81,258	(89,036)	(12,736)
Effect of change to accounting principle	6,461	(6,448)	(13)	(2,140)	8
After change to accounting principle	15,044	784,917	81,245	(91,176)	(12,728)

PER SHARE (x € 1)	Equity as at 31-12-2013	Result 2013 basic	Result 2013 diluted
Before change to accounting principle	41.57	(4.68)	(4.68)
Effect of change to accounting principle	(0.34)	(0.11)	(0.11)
After change to accounting principle	41.23	(4.79)	(4.79)

The impact on the result relates only to the item Movement in deferred tax assets and liabilities. If this change in accounting principles would not have been applied, the 2014 result would have amounted to (x € 1,000): 31,719 (33 higher).

Because of the lack of materiality, the inclusion of a 'third balance sheet' has been omitted.

The change to the accounting principle has no effect on the financial key figures published by Vastned (solvency ratio, loan-to-value ratio and interest coverage ratio).

New or amended standards and interpretations that became effective in 2014

The amended standards and interpretations that came into effect in 2014 are listed below.

- **IAS 27 Separate Financial Statements**
  This standard contains provisions for including and explaining separate financial statements drawn up by an investor in a joint arrangement or affiliated participating interest, or parent company, whereby the investment is stated at cost price or in accordance with IAS 39. This situation does not apply to the Group; the application of the standard does not affect the presentation, notes or financial results of the Group;
- **IAS 28 Investments in Associates and Joint Ventures**
  The standard indicates how reporting on the basis of net asset value must take place for investments in associates and joint ventures. The application of this standard does not affect the presentation, notes or financial results of the Group;
- **Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities**
  The standard concerns the netting of financial assets and financial liabilities. The amendments do not have any material impact on the presentation, notes or financial results of the Group;
- **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**
  As a result of these amendments it is no longer necessary to report the recoverable value of every cash-generating entity to which a significant amount of goodwill or intangible assets with an indeterminate lifespan are assigned. A few other disclosure requirements are also concerned. The amendments do not have any impact on the presentation, notes or financial results of the Group;
- **Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting**
  The amendments concern the novation of derivatives designated as hedge instruments as the result of the transfer of derivatives to a central counterparty. If certain conditions are satisfied, this transfer will not result in hedge accounting no longer being applicable for these derivatives. The amendments do not have any impact on the presentation, notes or financial results of the Group;

- **IFRS 10 Consolidated Financial Statements**
  The standard contains a new definition of control which is used to determine which entities must be consolidated. The standard also describes the consolidation procedures. The application of this standard does not affect the scope of the consolidation or the financial results of the Group;
- **IFRS 11 Joint Arrangements**
  This standard describes the reporting of joint arrangements. There are two types of joint arrangements: joint agreements and joint ventures. Classification depends on the structure of the agreement, the legal form of any separate vehicle, the contractual conditions and other facts and circumstances. The application of this standard does not affect the presentation, notes or financial results of the Group;
- **IFRS 12 Disclosure of Interests in Other Entities**
  The standard contains disclosure requirements for all types of interests in entities, such as joint arrangements and associates. The application of the standard results in additional notes;
- **Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities**
  The amendments do not have any impact on the presentation, notes or financial results of the Group.

New or amended standards and interpretations which will be in effect for financial years starting on or after 1 July 2014 and later which are not yet applied by the Group

- **Annual Improvements to IFRSs 2010-2012 Cycle** (effective for financial years starting on or after 1 July 2014)
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- **Annual Improvements to IFRSs 2011-2013 Cycle** (effective for financial years starting on or after 1 July 2014)
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)** (effective for financial years starting on or after 1 July 2014)
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- **IFRIC Interpretation 21 Levies** (effective for financial years starting on or after 1 January 2014)
  The EU adopted the interpretation in June 2014, to be applied for financial years starting on or after 17 June 2014. Vastned has decided to apply the interpretation with effect from the 2015 financial year.
  IFRIC 21 provides clarity on in what circumstances an obligation imposed by a government agency must be included. The interpretation may have a limited impact on how government levies are reported in interim financial reporting.

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

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

- **Annual Improvements to IFRSs 2012-2014 Cycle** (effective for financial years starting on or after 1 January 2016)
  The Group does not expect the amendments to have any material impact on the presentation, notes or financial results of the Group;
- **Amendments to IAS 1 (Disclosure Initiative)** (effective for financial years starting on or after 1 January 2016)
  The amendments to this standard concern clarifications rather than changes to the explanation requirements. The amendments relate to, among other things, materiality, the order of the notes and accounting principles. The Group expects the amendments to have a limited impact on the notes;
- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for financial years starting on or after 1 January 2016)
  The amendments concern supplementary guidelines for including acceptable depreciation and amortisation methods. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- **Amendments to IAS 16 and IAS 41: Bearer Plants** (effective for financial years starting on or after 1 January 2016)
  The amendments concern the inclusion of bearer plants in agriculture. The amended standard will not have any impact on the presentation, notes or financial results of the Group;

- **Amendments to IAS 27 (Equity Method in Separate Financial Statements)** (effective for financial years starting on or after 1 January 2016)
  The amendment concerns allowing the equity method to be used for the valuation of participating interests, joint ventures and associates. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group.
- **IFRS 9 Financial Instruments and subsequent amendments (amendments to IFRS 7)** (effective for financial years starting on or after 1 January 2018)
  The application of this standard could have consequences for the classification and valuation of financial assets and liabilities, but the impact of this on the presentation, notes or financial results of the Group must still be further analysed;
- **Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)** (effective for financial years starting on or after 1 January 2016)
  The amendments concern the elimination of conflicting requirements in relation to the moment of and share of the realisation of the result in the event of transactions with a joint venture or affiliated participating interest. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- **Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception)** (effective for financial years starting on or after 1 January 2016)
  The amendments concern the consolidation of or by an investment entity and the application of the equity method by a non-investment entity to an investment entity. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- **Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations** (effective for financial years starting on or after 1 January 2016)
  The amendments concern the recognition of joint activities upon the acquisition of a share in the operation, in the event the operation can be qualified as a 'business'. The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- **IFRS 14 Regulatory Deferral Accounts** (effective for financial years starting on or after 1 January 2016)
  This standard applies for entities with activities for which the prices are regulated and which are applying IFRS for the first time. The standard does not affect the presentation, notes or financial results of the Group;
- **IFRS 15 Revenue from Contracts with Customers** (effective for financial years starting on or after 1 January 2017)
  The standard contains guidelines for recognising turnover from contracts with customers. The Group still needs to analyse what effect this may have on the presentation, notes or financial results of the Group.

B PRINCIPLES APPLIED IN THE COMPILATION OF THE FINANCIAL REPORTING

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

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

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

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

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

The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties at the balance sheet date that have a material impact on the financial statements and that present a significant risk of material adjustments to book values in the next financial year are included in '31 Accounting Estimates and Judgements'.

C PRINCIPLES FOR CONSOLIDATION AND THE SCOPE OF CONSOLIDATION

Principles for consolidation

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

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

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

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

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

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

- The sale on 31 January 2014 of the subsidiary Hispania Retail Properties S.L.U. (owner of the shopping centres and retail park in Spain) to Orange Parent B.V. the company of a consortium of Baupost LLC, GreenOak Real Estate and Grupo Lar. This company is no longer included in the consolidation from 1 February 2014.
- The acquisition on 31 July 2014 by Vastned Retail Belgium NV, of which the Company holds 65.5% of the shares, of all shares in Veldstraat 23-27 NV (owner of the property at Veldstraat 23-27 in Ghent), which company is included in the consolidation from this date onwards.

D FOREIGN CURRENCIES

The items in the financial statements of the separate entities of the Group are recognised in the currency of the principal economic environment in which the entity operates (the 'functional currency'). The currency of the main cash flows of the entity is taken into account in determining the functional currency. As a result, the euro is used as the functional currency in all foreign entities where the Group operates.

The consolidated financial statements are presented in euros, the Group's reporting currency. In the preparation of the financial statements of the separate entities, transactions in foreign currencies are recognised at the exchange rate effective on the transaction date. Foreign currency results arising from the settlement of these transactions are recognised in the profit and loss account.

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

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

E PROPERTY IN OPERATION AND UNDER RENOVATION

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

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

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

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

The appraisers use the discounted cash flow method and/or the capitalisation method for determining the fair value. In the event that both methods are applied, the respective outcomes are compared. The fair value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The fair value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). The capitalisation factor is based on the yields of recent market transactions for comparable properties at comparable locations. Both methods take recent market transactions and differences between market rent and contractual rent, incentives provided to tenants, vacancy, operating expenses, state of repair and future developments into account.
All property in operation and under renovation is appraised at least once a year by independent, certified appraisers.

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

- Property in operation and under renovation with an expected individual value exceeding € 2.5 million is appraised externally every six months.
- External appraisals of property with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the six-month periods. For the periods in which this property is not appraised externally, the fair value of the property is determined internally.
- The external appraisers must be properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently and exercise objectivity.
- In principle, the external appraiser for a property is changed every three years.

Based on this methodology, effectively 80% to 90% of the total value of the property is appraised externally every six months.

The remuneration of the external appraisers is based on a fixed fee per property and on the number of tenants per property.

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

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

F PROPERTY IN PIPELINE

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

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

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

G TANGIBLE FIXED ASSETS

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

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

H FINANCIAL DERIVATIVES

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

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

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

Hedging

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

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

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

I ASSETS HELD FOR SALE

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

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

The sale of the Spanish shopping centres and the Spanish retail warehouse was seen as a group of assets divested by means of sale.

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

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

J DEBTORS AND OTHER RECEIVABLES

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

K CASH AND CASH EQUIVALENTS

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

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

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

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

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

M DEFERRED TAX ASSETS AND LIABILITIES

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

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

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

N PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

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

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

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

Actuarial profits and losses are recognised directly in equity.

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

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

O OTHER PROVISIONS

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

P INTEREST-BEARING DEBTS

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

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

Q OTHER LIABILITIES AND ACCRUALS

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

R GROSS RENTAL INCOME

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

S NET SERVICE CHARGE EXPENSES

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

T OPERATING EXPENSES

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

U NET FINANCING COSTS

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

V GENERAL EXPENSES

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

W INCOME TAX

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

The taxes payable and offsettable for the reporting period are the taxes that are expected to be payable on taxable profit in the financial year, calculated on the basis of tax rates and tax legislation enacted or substantively enacted at the balance sheet date, and corrections to taxes payable for previous years.
Additional income tax in respect of dividend payments by subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

X CASH FLOW STATEMENT

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

Y SEGMENTED INFORMATION

The segmented information is presented on the basis of the countries where the property is located and on the basis of the type of property, with a distinction made between premium city high street shops, high street shops and non-high street shops. These reporting segments are consistent with the segments used in the internal reports.

3 SEGMENTED INFORMATION

	Netherlands		France	
	2014	2013	2014	2013
Net rental income	36,048	40,524	15,870	20,400
Value movements in property in operation	(32,801)	(27,793)	14,037	(6,124)
Value movements in property under renovation	-	-	410	-
Value movements in property in pipeline	(579)	(195)	-	-
Value movements in assets held for sale	-	-	-	-
Net result on disposal of property	725	(6,537)	(1,461)	(3,204)
Total net income from property	**3,393**	**5,999**	**28,856**	**11,072**
Net financing costs				
General expenses				
Income tax				
Non-controlling interests				
Result attributable to Vastned Retail shareholders				

	Netherlands		France	
	2014	2013	2014	2013
Property in operation				
Balance as at 1 January	620,402	716,550	358,948	471,507
– Acquisitions	70,325	45,368	4,571	46,624
– Capital expenditure	894	3,419	345	658
– Taken into/out of operation	-	-	(1,900)	-
- Transferred to Assets held for sale	-	-	-	-
– Disposals	(11,759)	(117,142)	(46,980)	(153,717)
	679,862	648,195	314,984	365,072
– Value movements	(32,801)	(27,793)	14,037	(6,124)
Balance as at 31 December	647,061	620,402	329,021	358,948
– Accrued assets in respect of lease incentives	1,370	1,011	342	458
Appraisal value as at 31 December	**648,431**	**621,413**	**329,363**	**359,406**
Property under renovation	-	-	2,254	-
Property in pipeline	1,235	1,890	-	-
Assets held for sale	-	-	-	-
Property	**649,666**	**623,303**	**331,617**	**359,406**
Other assets	6,116	1,326	573	3,437
Not allocated to segments				
Total assets				
Liabilities	25,507	13,556	8,424	9,624
Not allocated to segments				
Total liabilities [1]				

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

Belgium		Spain/Portugal		Turkey		Total	
2014	2013	2014	2013	2014	2013	2014	2013
19,875	19,833	6,736	21,787	7,138	4,204	85,667	106,748
9,758	24,913	5,221	(108,016)	3,157	(2,547)	(628)	(119,567)
-	-	-	-	-	-	410	-
-	-	-	-	-	244	(579)	49
-	-	-	(2,057)	-	-	-	(2,057)
(1,870)	273	-	-	-	-	(2,606)	(9,468)
27,763	**45,019**	**11,957**	**(88,286)**	**10,295**	**1,901**	**82,264**	**(24,295)**
						(29,811)	(46,747)
						(8,897)	(8,955)
						(4,767)	1,549
						(7,083)	(12,728)
						31,706	**(91,176)**

Belgium		Spain/Portugal		Turkey		Total	
2014	2013	2014	2013	2014	2013	2014	2013
361,300	330,862	63,403	327,759	127,807	80,035	1,531,860	1,926,713
27,742	11,670	-	-	-	-	102,638	103,662
36	351	30	298	548	100	1,853	4,826
-	-	-	-	-	50,219	(1,900)	50,219
-	-	-	(156,638)	-	-	-	(156,638)
(42,885)	(6,496)	-	-	-	-	(101,624)	(277,355)
346,193	336,387	63,433	171,419	128,355	130,354	1,532,827	1,651,427
9,758	24,913	5,221	(108,016)	3,157	(2,547)	(628)	(119,567)
355,951	361,300	68,654	63,403	131,512	127,807	1,532,199	1,531,860
585	378	-	30	798	825	3,095	2,702
356,536	**361,678**	**68,654**	**63,433**	**132,310**	**128,632**	**1,535,294**	**1,534,562**
-	-	-	-	-	-	2,254	-
-	-	-	-	-	-	1,235	1,890
-	-	-	157,943	-	-	-	157,943
356,536	**361,678**	**68,654**	**221,376**	**132,310**	**128,632**	**1,538,783**	**1,694,395**
5,114	939	67	1,437	24	1,225	11,894	8,364
						15,916	8,174
						1,566,593	**1,710,933**
7,847	3,056	8,317	9,662	12,878	10,848	62,973	46,746
						637,621	798,025
						700,594	**844,771**

	Premium city high street shops		High street shops	
	2014	2013	2014	2013
Net rental income	38,951	32,223	20,990	24,186
Value movements in property in operation	34,191	8,448	(19,376)	(8,513)
Value movements in property under renovation	410	-	-	-
Value movements in property in pipeline	-	244	-	-
Value movements in assets held for sale	-	-	-	-
Net result on disposal of property	(63)	365	(848)	(1,319)
Total net income from property	**73,489**	**41,280**	**766**	**14,354**
Net financing costs				
General expenses				
Income tax				
Non-controlling interests				
Result attributable to Vastned Retail shareholders				

	Premium city high street shops		High street shops	
	2014	2013	2014	2013
Property in operation				
Balance as at 1 January	786,036	627,008	386,983	419,388
- Reclassification	2,315	-	185	-
– Acquisitions	100,813	103,662	1,825	-
– Capital expenditure	1,677	2,483	19	178
– Taken into/out of operation	(1,900)	50,219	-	-
– Transferred to Assets held for sale	-	-	-	-
– Disposals	(11,110)	(5,783)	(40,955)	(24,071)
	877,831	777,589	348,057	395,495
– Value movements	34,191	8,447	(19,376)	(8,512)
Balance as at 31 December	912,022	786,036	328,681	386,983
– Accrued assets in respect of lease incentives	2,036	1,853	515	360
Appraisal value as at 31 December	**914,058**	**787,889**	**329,196**	**387,343**
Property under renovation	2,254	-	-	-
Property in pipeline	-	-	-	-
Assets held for sale	-	-	-	-
Property	**916,312**	**787,889**	**329,196**	**387,343**
Other assets	1,949	3,357	1,650	1,123
Not allocated to segments				
Total assets	**918,261**	**791,246**	**330,846**	**388,466**

Non-high street shops 2014	Non-high street shops 2013	Total 2014	Total 2013
25,726	50,339	85,667	106,748
(15,443)	(119,502)	(628)	(119,567)
-	-	410	-
(579)	(195)	(579)	49
-	(2,057)	-	(2,057)
(1,695)	(8,514)	(2,606)	(9,468)
8,009	**(79,929)**	**82,264**	**(24,295)**
		(29,811)	(46,747)
		(8,897)	(8,955)
		(4,767)	1,549
		(7,083)	(12,728)
		31,706	**(91,176)**

Non-high street shops 2014	Non-high street shops 2013	Total 2014	Total 2013
358,841	880,317	1,531,860	1,926,713
(2,500)	-	-	-
-	-	102,638	103,662
157	2,165	1,853	4,826
-	-	(1,900)	50,219
-	(156,638)	-	(156,638)
(49,559)	(247,501)	(101,624)	(277,355)
306,939	478,343	1,532,827	1,651,427
(15,443)	(119,502)	(628)	(119,567)
291,496	358,841	1,532,199	1,531,860
544	489	3,095	2,702
292,040	**359,330**	**1,535,294**	**1,534,562**
-	-	2,254	-
1,235	1,890	1,235	1,890
-	157,943	-	157,943
293,275	**519,163**	**1,538,783**	**1,694,395**
3,990	1,839	7,589	6,319
		20,221	10,219
297,265	**521,002**	**1,566,593**	**1,710,933**

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Netherlands	41,934	46,429	(53)	(55)	(210)	162	(5,623)	(6,012)	36,048	40,524
France	17,441	23,440	-	(36)	(120)	(478)	(1,451)	(2,526)	15,870	20,400
Belgium	21,997	21,744	(21)	(21)	(257)	(227)	(1,844)	(1,663)	19,875	19,833
Spain/Portugal	7,387	27,129	(39)	(472)	(345)	(2,700)	(267)	(2,170)	6,736	21,787
Turkey	7,638	4,496	-	-	-	-	(500)	(292)	7,138	4,204
	96,397	**123,238**	**(113)**	**(584)**	**(932)**	**(3,243)**	**(9,685)**	**(12,663)**	**85,667**	**106,748**

GROUND RENTS PAID

	2014	2013
Attributable to leased properties	109	526
Attributable to vacant properties	4	58
	113	**584**

NET SERVICE CHARGE EXPENSES

Attributable to leased properties	256	(56)
Attributable to vacant properties	676	3,299
	932	**3,243**

OPERATING EXPENSES

Attributable to leased properties	9,343	11,985
Attributable to vacant properties	342	678
	9,685	**12,663**

OPERATING EXPENSES

Maintenance	2,501	2,540
Administrative and commercial management [1]	3,856	4,930
Insurance	407	504
Local taxes	1,837	2,372
Letting costs	400	476
Allocation to the provision for doubtful debtors (on balance)	83	1,304
Other operating expenses	601	537
	9,685	**12,663**

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

5 VALUE MOVEMENTS IN PROPERTY

	2014			2013		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	55,740	(56,368)	(628)	60,093	(179,660)	(119,567)
Property under renovation	410	-	410	-	-	-
Property in pipeline	-	(579)	(579)	244	(195)	49
Assets held for sale	-	-	-	-	(2,057)	(2,057)
	56,150	**(56,947)**	**(797)**	**60,337**	**(181,912)**	**(121,575)**

6 NET RESULT ON DISPOSAL OF PROPERTY

	2014	2013
Sales price	101,405	271,321
Book value at time of disposal	(101,624)	(277,950)
	(219)	(6,629)
Sales costs	(2,414)	(2,415)
	(2,633)	(9,044)
Other	27	(424)
	(2,606)	**(9,468)**

7 NET FINANCING COSTS

	2014	2013
INTEREST INCOME		
Bank accounts and short-term deposits	(82)	(4)
Other interest income	(2,826)	(8)
Capitalized financing costs	-	(862)
	(2,908)	**(874)**
INTEREST EXPENSE		
Long-term interest-bearing loans	26,147	33,737
Short-term credits and cash loans	522	1,100
Other interest payable	668	510
	27,337	**35,347**
Total interest expense	24,429	34,473
Value movements in financial derivatives	1,186	(1,385)
Reclassification of unrealised results on financial derivatives from equity	3,932	13,741
Exchange rate differences	264	(82)
	29,811	**46,747**

8 GENERAL EXPENSES

	2014	2013
Personnel costs	8,113	9,147
Remuneration of Supervisory Board	142	142
Consultancy and audit costs	1,194	1,316
Appraisal costs	571	683
Accommodation and office costs	1,537	1,670
Other expenses	860	487
	12,417	**13,445**
Attributed to operating expenses	(3,520)	(4,490)
	8,897	**8,955**

Personnel costs
During 2014 an average of 58 (2013: 72) employees (full-time equivalents) were employed by Vastned, of whom 27 are in the Netherlands and 31 abroad.
In the year under review, Vastned accounted for € 5.9 million in wages and salaries (2013: € 6.2 million), € 0.8 million in social security charges (2013: € 1.0 million) and € 0.2 million in pension premiums (2013: € 0.5 million).

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

	2014	2013
Audit fees	223	282
Audit-related fees	18	18
Other non-audit-related fees	-	3
	241	**303**

The audit costs include a sum of € 0.1 million (2013: € 0.1 million) for Deloitte Accountants B.V.

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

9 INCOME TAX

CURRENT INCOME TAX EXPENSE

	2014	2013
Current financial year	**462**	**365**

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

	2014	2013
In respect of:		
Value movements in property	3,292	1,041
Value movements in financial derivatives	26	172
Use of offsettable losses	987	2,042
Expiry of offsettable losses	-	(1,399)
	4,305	**1,856**
Reclassification from equity to profit and loss account	**-**	**(3,770)**
	4,767	**(1,549)**

RECONCILIATION OF EFFECTIVE TAX RATE

		2014		2013
Result before taxes		43,556		(79,997)
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates of subsidiaries operating in other jurisdictions	6.3%	2,726	(1.3%)	1,031
Change in tax rates	4.7%	2,052	0.1%	(114)
Expiry of offsettable losses	0.0%	-	1.7%	(1,399)
Adjustment to previous financial years	0.0%	(11)	(3.4%)	2,703
Reclassification from equity to profit and loss account	0.0%	-	4.7%	(3,770)
	11.0%	**4,767**	**1.8%**	**(1,549)**

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

In Belgium almost the entire property portfolio is held by the public regulated real estate company Vastned Retail Belgium NV. A regulated property company essentially has a tax-exempt status, so that no tax is payable on its profits in Belgium. The requirements to qualify for the status of a regulated property company in principle are comparable to those for the Dutch fiscal investment institution.
A single property is held by a company that is subject to the regular fiscal regime, which means that the income less interest, depreciation and other expenses, is taxed at the nominal tax rate of 33.99%.

In France, except for its French management company, Vastned is subject to the SIIC regime[1]. Under this fiscal regime, Vastned is not liable for taxation on its French net rental income nor on the capital gains realised in France. The requirements of the SIIC regime are in principle comparable to those for the Dutch fiscal investment institution.
The French management company is subject to the regular fiscal regime, which means that the taxable result, consisting of income less depreciation, interest and other expenses, is taxed at a nominal tax rate of 34.43%.

In Spain, property is held by a company subject to the regular tax regime. In Spain the nominal tax rate is 30.0% (effective 1 January 2015: 28%, effective 1 January 2016: 25%). Depreciation, interest and other expenses are deducted from the taxable net rental income realised in these companies. The interest deducted is limited to 30% of the net rental income less other expenses.

The properties in Turkey and Portugal are held by companies subject to the regular tax regime. In Turkey the nominal tax rate is 20.0% and in Portugal it is 24.5%. Depreciation, interest and other expenses are deducted from the taxable net rental income realised in these companies.

The calculation of deferred tax assets and liabilities in Belgium, Portugal and Turkey is based on the nominal tax rates effective on 1 January 2015, and in Spain the calculation is based on the nominal tax rate in effect as of 1 January 2016.

1) *Société d'Investissements Immobiliers Cotée*

10 RESULT PER SHARE

	2014		2013	
	Basic	Diluted	Basic	Diluted
Result	**31,706**	**31,706**	**(91,176)**	**(91,176)**
Adjustment for effect of convertible bond	-	2,432	-	-
Result after effect of convertible bond	**31,706**	**34,138**	**(91,176)**	**(91,176)**

AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	2014		2013	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	19,036,646	19,036,646	19,036,646	19,036,646
Adjustment for effect of convertible bond	-	1,785,796	-	-
Average number of ordinary shares in issue	**19,036,646**	**20,822,442**	**19,036,646**	**19,036,646**

PER SHARE (x € 1)	2014		2013	
	Basic	Diluted	Basic	Diluted
Result	**1.67**	**1.64**	**(4.79)**	**(4.79)**

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

11 DIVIDEND

On 29 May 2014, the final dividend for the 2013 financial year was made payable. The dividend amounted to € 1.63 per share in cash. This dividend payment totalled € 31.0 million.

On 29 August 2014, the interim dividend for the 2014 financial year was made payable. The interim dividend amounted to € 0.73 per share in cash (total pay-out: € 13.9 million).

The Board of Management, with due consideration to the conditions pertaining to the status of a fiscal investment institution within the meaning of Article 28 of the 1969 Netherlands Corporate Income Tax Act, as well as the already distributed interim dividend, proposes to pay out a final dividend in the amount of € 1.27 per share in cash for the 2014 financial year.

If the General Meeting of Shareholders of 24 April 2015 approves the dividend proposal, the dividend will be made payable to shareholders on 15 May 2015. The dividend to be distributed has not been entered in the balance sheet as a liability.

12 FAIR VALUE

The fair value is the amount the Group would expect to receive on the balance sheet date if an asset is sold or to pay if a liability is transferred in an orderly transaction between market parties.
The assets and liabilities valued at fair value on the balance sheet are divided into a hierarchy of three levels:

Level 1: The fair value is determined based on published listings in an active market.
Level 2: Valuation methods based on information observable in the market.
Level 3: Valuation methods based on information that is not observable in the market, which has a more than significant impact on the fair value of the asset or liability.

The table below shows according to which level the assets and liabilities of the Group valued at fair value are valued:

		2014		2013	
	Level	Book value	Fair value	Book value	Fair value
ASSETS VALUED AT FAIR VALUE					
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,535,294	1,535,294	1,534,562	1,534,562
Property under renovation	3	2,254	2,254	-	-
Property in pipeline	3	1,235	1,235	1,890	1,890
Fixed assets					
Financial derivatives	2	722	722	1,417	1,417
Current assets					
Assets held for sale	3	-	-	157,943	157,943
Debtors and other receivables	2	9,567	9,567	7,844	7,844
Cash and cash equivalents	2	12,712	12,712	5,133	5,133
LIABILITIES VALUED AT FAIR VALUE					
Long-term liabilities					
Long-term interest-bearing loans	2	599,388	622,541	536,540	545,833
Financial derivatives	2	11,222	11,222	15,874	15,874
Guarantee deposits and other long-term liabilities	2	3,684	3,684	7,158	7,158
Short-term liabilities					
Payable to banks	2	2,304	2,304	20,722	20,722
Redemption of long-term interest-bearing loans	2	15,267	15,267	198,398	198,398
Financial derivatives	2	832	832	15,856	15,856
Other liabilities and accruals	2	31,530	31,530	27,154	27,154

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

No assets or liabilities were reclassified with respect to level in 2014 and 2013.

The fair value of the 'Debtors and other receivables', 'Cash and cash equivalents', 'Guarantee deposits and other long-term liabilities', 'Payable to banks', and 'Other liabilities and accruals' is considered to be equal to the book value because of the short-term nature of these assets and liabilities or the fact that they are subject to a floating interest rate.

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

13 PROPERTY

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

Valuation of property

The properties in operation, under renovation and in pipeline are stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives. The fair value is based on market value (less the costs borne by the buyer, including property transfer tax), i.e. the estimated value at which a property could be traded at the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.

The properties in pipeline are recognised at fair value as soon as it becomes possible to reliably determine the fair value of the property under construction or in development. A reliable determination of the fair value is considered possible once substantial development risks have been eliminated.

The following system is used to determine the fair value:

- The valuation of the properties is based on the highest and best use.
- All properties with an expected individual value exceeding € 2.5 million are appraised externally every six months.
- External appraisals of properties with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the six-month periods. For the periods in which this property is not appraised externally, the fair value of the property is determined internally.
- The external appraisers must be properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently and exercise objectivity.
- In principle, the external appraiser for a property is changed every three years.

The independent, certified appraisers are instructed to appraise the property in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.

The appraisers use the discounted cash flow method and/or the capitalisation method for determining the fair value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The market value established in accordance with the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). The capitalisation factor is based on the yields of recent market transactions for comparable properties at comparable locations. Both methods take recent market transactions and differences between market rent and contractual rent, incentives provided to tenants, vacancy, operating expenses, state of repair and future developments into account.

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

	Netherlands		France	
	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	High street shops/ Non-high street shops
2014				
Lease incentives still to be granted as at the balance sheet date	335	367	170	205
Market rent per sqm (x € 1)	526	167	681	214
Theoretical annual rent per sqm (x € 1)	479	180	620	233
Vacancy rate at end of reporting year	0.9	3.8	1.4	10.1
Weighted average lease term in years (first break)	5.8	3.7	1.8	2.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	4.2	6.7	4.3	5.8
2013				
Lease incentives still to be granted as at the balance sheet date	407	362	640	319
Market rent per sqm (x € 1)	451	175	635	217
Theoretical annual rent per sqm (x € 1)	417	184	590	237
Vacancy rate at end of reporting year	1.1	3.9	1.5	11.5
Weighted average lease term in years (first break)	6.0	3.7	2.3	1.9
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	4.5	6.4	4.8	6.0

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

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

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

The net yield is calculated by dividing the contractual gross rental income less the property outgoings by the fair value of the investment properties determined on all-in basis.

An increase in the net initial yields used in the appraised values of 50 basis points will result in a decrease of € 132.8 million or 8.6% (2013: € 126.0 million or 8.2%) in the value of the properties in operation and an increase of approximately 379 basis points (2013: approximately 358 basis points) in the loan-to-value ratio.

A decrease in the market rents used in the appraised values of € 10 per sqm will result in a decrease of € 54.4 million or 3.5% (2013: € 62.2 million or 4.1%) in the value of the property portfolio and an increase of 147 basis points (2013: 170 basis points) in the loan-to-value ratio.

Belgium		Spain/Portugal		Turkey	Total	
Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	High street shops/ Non-high street shops	Premium city high street shops	Premium city high street shops	High street shops/ Non-high street shops
239	230	-	-	-	744	802
406	130	1,309	165	650	568	159
410	134	1,292	231	631	535	171
-	2.6	-	-	0.7	0.8	4.0
1.8	3.5	4.0	4.4	2.8	3.3	3.5
4.4	5.7	4.3	8.5	5.9	4.5	6.4
285	129	-	-	945	2,277	810
382	118	1,284	177	639	529	164
386	123	1,292	204	615	503	178
1.4	6.5	-	-	-	1.0	5.6
2.3	3.5	4.1	2.6	3.7	3.7	3.2
4.8	5.9	5.1	8.4	6.1	4.9	6.3

PROPERTY IN OPERATION AND UNDER RENOVATION

As at 31 December 2014, 87% of the properties in operation and under renovation were appraised by independent certified appraisers. The appraisal values determined by these external appraisers match the book values recorded in the annual accounts. The other properties in operation and under renovation (with an individual value of € 2.5 million or less) were appraised by independent certified appraisers as at 30 June 2014. The fair value of these properties was determined internally as at 31 December 2014, for which the external appraisal reports prepared earlier in the year constituted a key starting point.

The independent certified appraisers who appraised the properties are as follows: CBRE in Amsterdam, Brussels, Madrid and Paris, Cushman & Wakefield in Amsterdam, Brussels, Lisbon, Madrid and Paris, Crédit Foncier in Paris and Jones Lang Lasalle in Istanbul.

			2014	2013
	In operation	**Under renovation**	**Total**	**In operation**
Balance as at 1 January	1,531,860	-	1,531,860	1,926,713
Acquisitions	102,638	-	102,638	103,662
Capital expenditure	1,853	(56)	1,797	4,826
Taken into/out of operation	(1,900)	1,900	-	50,219
Transferred to Assets held for sale	-	-	-	(156,638)
Disposals	(101,624)	-	(101,624)	(277,355)
	1,532,827	1,844	1,534,671	1,651,427
Value movements	(628)	410	(218)	(119,567)
Balance as at 31 December	1,532,199	2,254	1,534,453	1,531,860
Accrued assets in respect of lease incentives	3,095	-	3,095	2,702
Appraisal value as at 31 December	**1,535,294**	**2,254**	**1,537,548**	**1,534,562**

The acquisitions in the Netherlands in 2014 involved premium city high street shops in Amsterdam for € 46.0 million, in 's-Hertogenbosch for € 7.6 million, in Maastricht for € 8.8 million and in Utrecht for € 6.1 million. In addition, a high street shop was acquired in Arnhem for € 1.8 million. In Belgium a premium city high street shop was acquired in Ghent for € 27.7 million. In France, premium city high street shops were acquired in Lyon for € 4.6 million.

The capital expenditure in 2014 concern improvements to various properties spread across various countries.

Disposals in 2014 involved premium city high street shops in the Netherlands, France and Belgium for € 11.0 million, high street shops in smaller cities in the Netherlands, France and Belgium for € 39.5 million and non-high street shops, primarily in Belgium, as well as a small number in the Netherlands and France for € 48.5 million. A negative sales result of € 2.6 million in relation to the book value was realised on these disposals.

Accrued assets in respect of lease incentives	2014	2013
Balance as at 1 January	2,702	4,733
Lease incentives	2,824	6,054
Transferred to Assets held for sale	-	(3,362)
Charged to the profit and loss account	(2,591)	(4,699)
Other	160	(24)
Balance as at 31 December	3,095	2,702

Property with a value of € 1.2 million (2013: € 1.2 million) serves as security for loans contracted (also see '21 Long-term interest-bearing loans').

For further details on the properties in operation and under renovation, please refer to the '2014 Property Portfolio' overview included elsewhere in this annual report.

PROPERTY IN PIPELINE

	2014	2013
Balance as at 1 January	1,890	49,539
Acquisitions and development expenditure	(76)	3,116
Taken into operation	-	(50,219)
Disposals	-	(595)
	1,814	1,841
Value movements	(579)	49
Balance as at 31 December	**1,235**	**1,890**

Only one property in Houten was recorded under Property in pipeline as at 31 December 2014. The property was appraised externally as at 30 June 2014 by an independent, certified appraiser. As at 31 December 2014 the market value of this property in pipeline was internally determined at € 1.2 million.

A net initial yield of 14.0% was used to determine the market value of the properties in pipeline.

For further details on property in pipeline, please refer to the '2014 Property Portfolio' overview included elsewhere in this annual report.

14 DEFERRED TAX ASSETS AND LIABILITIES

	1 January 2014				
	Assets	Liabilities	Movement in profit and loss account	Movement in equity	To assets/ liabilities
Property	-	15,802	3,292	-	-
Financial derivatives	-	(897)	26	-	-
Offsettable losses	-	(233)	987	-	16
Other	-	372	-	-	-
	-	**15,044**	**4,305**	**-**	**16**

	1 January 2013 adjusted				
	Assets	Liabilities	Movement in profit and loss account	Movement in equity	To assets/ liabilities
Property	-	28,474	(9,276)	1,983	(4,511)
Financial derivatives	-	(3,304)	2,872	(465)	-
Offsettable losses	345	(8,194)	8,260	-	-
Other	-	374	-	73	-
	345	**17,350**	**1,856**	**1,591**	**(4,511)**

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

The deferred tax assets and liabilities as per 31 December 2014 are related to Spain, Turkey and Portugal.

De offsettable losses are related to Spain and Turkey. The offsettable losses in Spain can be carried forward indefenitely. In Turkey, the first offsettable losses expire in 2015 and the last offsettable losses expire in 2019.

The deferred tax liabilities are related to the difference between the balance sheet value and the fiscal book value of the properties.

As at the balance sheet date, additional unused tax losses totalled € 12,3 million. In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset has been recognised.

				31 December 2014
Reclassification	Exchange rate differences	Other	Assets	Liabilities
869	509	-	-	20,472
871	-	-	-	-
(1,368)	(14)	-	-	(612)
(372)	-	-	-	-
-	**495**	**-**	**-**	**19,860**

				31 December 2013
Reclassification	Exchange rate differences	Other	Assets	Liabilities
-	(659)	(209)	-	15,802
-	-	-	-	(897)
-	46	-	-	(233)
-	(75)	-	-	372
-	**(688)**	**(209)**	**-**	**15,044**

15 ASSETS HELD FOR SALE

	2014	2013
Balance as at 1 January	157,943	-
Transferred from Property in operation	-	156,638
Transferred from Accrued assets in respect of lease incentives	-	3,362
Disposals	(157,943)	-
	-	160,000
Value movements	-	(2,057)
Balance as at 31 December	**-**	**157,943**

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

The Spanish shopping centres and the Spanish retail warehouse that were sold at the beginning of 2014 were reported under the Assets held for sale.

16 DEBTORS AND OTHER RECEIVABLES

	2014	2013
Debtors	2,368	6,726
Provision for doubtful debtors	(2,315)	(5,187)
	53	1,539
Taxes	121	1,384
Receivable from disposals	6,174	2,500
Interest	1,380	26
Service charges	127	130
Prepaid expenses	853	1,536
Other receivables	859	729
	9,567	**7,844**

The other receivables include items with a term in excess of one year with a total value of € 0.1 million (2013: € 0.1 million).

17 CASH AND CASH EQUIVALENTS

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

18 CREDIT RISK

Vastned's principal financial assets consist of cash and cash equivalents, debtors and other receivables, and receivables related to financial derivatives entered into.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks with at least an AA credit rating from Standard & Poor's.

The credit risk attributable to financial derivatives entered into is limited by eclusively entering into transactions with reputable financial institutions with at least an AA credit rating from Standard & Poor's.

The credit risk attributable to the debtors is limited by carefully screening potential tenants in advance. Security is also required from tenants in the form of guarantee deposits or bank guarantees and rents are paid in advance.

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

	2014		2013	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	211	173	534	105
Overdue by between 31 and 90 days	37	29	576	283
Overdue by between 91 days and one year	663	660	2,558	1,797
Overdue by more than one year	1,457	1,453	3,058	3,002
	2,368	**2,315**	**6,726**	**5,187**

Movements in the provision for doubtful debtors were as follows:

	2014	2013
Balance as at 1 January	5,187	5,452
Allocation to the provision	324	2,081
Write-off for bad debts	(439)	(1,543)
Release	(241)	(777)
Disposal of subsidiaries	(2,516)	(26)
Balance as at 31 December	**2,315**	**5,187**

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

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

19 SHAREHOLDERS' EQUITY

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

The Equity Vastned Retail shareholders was € 41.09 per share as at 31 December 2014 (31 December 2013: € 41.23 per share).

NUMBER OF SHARES IN ISSUE

	2014	2013
Balance as at 31 December	19,036,646	19,036,646

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

20 PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

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

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

	31-12-2014	31-12- 2013
Discount rate	2.30%	3.95%
Expected return on plan assets	2.30%	3.95%
Expected rate of future salary increases (dependent on age and including inflation correction)	1.00% - 5.00%	2.00% - 6.00%
Future pension increases	0.325% - 2.00%	0.325% - 2.00%

	2014	2013	2012	2011	2010
Present value of defined benefit pension obligation	24,340	16,590	16,057	9,886	13,028
Fair value of plan assets	(17,854)	(12,615)	(11,826)	(7,982)	(11,073)
	6,486	3,975	4,231	1,904	1,955
Long-term employee benefits	75	86	121	108	148
	6,561	**4,061**	**4,352**	**2,012**	**2,103**

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

	2014	2013
Balance as at 1 January	16,590	16,057
Service cost	376	506
Past service cost	(223)	(39)
Interest	647	611
Contributions	55	56
Actuarial loss/(gain):		
Demographic assumptions	(101)	-
Financial assumptions	7,511	(349)
Experience adjustments	(79)	119
Benefits paid	(436)	(371)
Balance as at 31 December	**24,340**	**16,590**

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

	2014	2013
Balance as at 1 January	12,615	11,826
Expected return	500	458
Actuarial gain/(loss)	4,687	148
Employer contributions	487	560
Employee contributions	55	56
Benefits paid	(436)	(371)
Expenses	(54)	(62)
Balance as at 31 December	**17,854**	**12,615**

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

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

	2014	2013
Employer service costs	153	467
Interest	647	611
Expected return on plan assets	(500)	(458)
Administration costs	55	59
	355	679
Defined contribution pension plans	101	98
	456	**777**

Vastned expects to contribute a total of € 0.5 million to its defined benefit pension plans in 2015. Vastned expects to contribute a total of € 0.1 million to its defined contribution pension plans in 2015.

Sensitivity analysis
The table below contains the sensitivity analysis for the effect of a 25-basis-point change in the discount rate:

	Minus 25 basis points	Discount rate used	Plus 25 basis points
	2.05%	2.30%	2.55%
Present value of defined benefit pension obligation	25,833	24,340	22,960
Service cost	630	580	536

In view of the low materiality Vastned refrained from presenting sensitivity analyses of the effects of changes in the expected rate of future salary increases (dependent on age and including inflation correction) and future pension increases.

21 LONG-TERM INTEREST-BEARING LOANS

	2014				2013			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
fixed interest [1]	71	124	195	1.50	70	142	212	1.50
floating interest	-	-	-	-	-	-	-	-
	71	**124**	**195**	1.50	**70**	**142**	**212**	1.50
Unsecured loans:								
fixed interest [1]	209,663	226,000	435,663	4.10	366,100	87,500	453,600	4.85
floating interest	41,030	122,500	163,530	1.93	82,728	-	82,728	2.21
	250,693	**348,500**	**599,193**	3.51	**448,828**	**87,500**	**536,328**	4.44
Total:								
fixed interest [1]	209,734	226,124	435,858	4.10	366,170	87,642	453,812	4.85
floating interest	41,030	122,500	163,530	1.93	82,728	-	82,728	2.21
	250,764	**348,624**	**599,388**	**3.51**	**448,898**	**87,642**	**536,540**	**4.44**

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

The right of mortgage on properties with a value of € 1.2 million (2013: € 1.2 million) has been granted as security for the secured loans.
A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned met these conditions on 31 December 2014. Please refer to '25 Financial instruments' for more details on the conditions set by the lenders.

The part of the long-term interest-bearing loans due within one year of € 15.3 million (2013: € 198.4 million of which € 129.4 million pertained to secured loans), is recognised under short-term liabilities.

As at 31 December 2014, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 736.5 million (2013: € 741.2 million).
As at 31 December 2014 the unused credit facility of the long-term interest-bearing loans was € 121.8 million (2013: € 6.3 million).

The convertible bond loan below was recognised under Long-term interest-bearing loans:

Year issued	Term	Carrying amount	Interest rate	Conversion price	Maximum number of shares
2014	5 jaar	€ 110,000	1.875%	€ 44.89	2,450,434

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

	2014	2013
Balance as at 1 January	-	-
Issue	110,000	-
Equity component	(4,085)	-
	105,915	-
Transaction costs	(2,162)	-
	103,753	-
Use of effective interest method	910	-
Balance as at 31 December	**104,663**	**-**

The bonds are 'senior' and 'unsecured' and convertible into ordinary Vastned shares, subject to the proviso that Vastned may opt for payment in cash instead of the partial or full delivery of shares. The conversion price initially was € 46.19. This was adjusted to € 44.89 following payment of the dividend. Vastned has the option of redeeming all outstanding bonds at the principle amount plus the accrued interest in cash after 8 May 2017, provided that the average volume-weighted share price is more than 130% of the conversion price for a specified period, or at any time that the principle of the outstanding bonds at that point is less than 15% of the issued bonds.
The convertible bonds are listed on the Frankfurt Stock Exchange.

The average term of the long-term interest-bearing loans was 4.7 years (2013: 2.8 years).

The fair value of the long-term interest-bearing loans is calculated on the basis of the 'level 2' valuation method (see '12 Fair Value'). The fair value of the long-term interest-bearing loans is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at year-end 2014.

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

2014		2013	
Fair value	Carrying amount	Fair value	Carrying amount
637,808	**614.,655**	744,231	734,938

The average interest rate in 2014 was 4.15% (2013: 4.46%).

22 LONG-TERM TAX LIABILITIES

	2014	2013
Balance as at 1 January	2,256	561
Short-term portion as at 1 January	1,677	561
	3,933	1,122
Allocation	-	4,511
Payments	(1,677)	(1,700)
	2,256	3,933
Short-term portion as at 31 December	(1,128)	(1,677)
Balance as at 31 December	**1,128**	**2,256**

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

23 PAYABLE TO BANKS

	2014	2013
Credit facility	30,769	179,953
Of which undrawn	(28,465)	(159,231)
Drawn down as at 31 December	**2,304**	**20,722**

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

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

The average interest rate in 2014 was 2.34% (2013: 1.93%).

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

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

24 OTHER LIABILITIES AND ACCRUALS

	2014	2013
Accounts payable	2,001	1,701
Investment creditors	944	1,472
Dividend	25	27
Taxes	2,035	1,502
Prepaid rent	7,508	7,982
Interest	4,812	7,674
Operating expenses	2,428	2,938
Payable in respect of acquisitions	7,981	-
Other liabilities and accruals	3,796	3,858
	31,530	**27,154**

25 FINANCIAL INSTRUMENTS

A MANAGEMENT OF FINANCIAL RISKS

For the realisation of its targets and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions aimed at mitigating the financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the Audit Committee and the Supervisory Board.

A summary is given below of the main conditions aimed at mitigating these risks.

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

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

The solvency ratio is calculated by taking equity plus the provision for deferred tax liabilities and dividing by the balance sheet total. At year-end 2014 the solvency ratio was 56.5%, which is in compliance with the solvency ratios agreed with lenders.

The interest coverage ratio is calculated by taking net rental income and dividing by net financing costs (exclusive of the value movements in financial derivatives). The interest coverage ratio for 2014 was 3.5, which was well above the ratios agreed with lenders.

At year-end 2014, the weighted average term of the long-term interest-bearing loans was 4.7 years.

Liquidity risk

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

At year-end 2014, Vastned had € 30.8 million in short-term credit facilities available, of which it had drawn down € 2.3 million. As at 31 December 2014, the unused credit facility of the long-term interest-bearing loans was € 121.8 million. As at 31 December 2014, the total unused credit facility therefore was € 150.3 million.

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

	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans [2]	599,388	689,648	20,563	315,685	353,400
Long-term tax liabilities	1,128	1,128	-	1,128	-
Guarantee deposits and other long-term liabilities	3,684	3,684	-	3,684	-
Payable to banks [3]	2,304	2,304	2,304	-	-
Redemption of long-term interest-bearing loans [3]	15,267	15,458	15,458	-	-
Income tax	8,818	8,818	8,818	-	-
Other liabilities and accruals	31,530	31,530	31,530	-	-
	662,119	752,570	78,673	320,497	353,400

1) The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the market rates of Euribor in effect on 1 January 2015.
2) Including interest rate swaps.
3) Including interest up to the next expiry date or interest review date.

Interest rate risk

The interest rate risk policy aims to mitigate the interest rate risks arising from the financing of the property portfolio while optimising net interest expenses. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle depending on developments in interest rates. Furthermore, the aim is to have a balanced spread of interest rate review dates within the long-term loan capital portfolio and a typical minimum interest rate term of three years. At least once per quarter, a report on the interest rate and refinancing risks is submitted to the Audit Committee and the Supervisory Board.

On the one hand Vastned mitigates its interest rate risk by attracting fixed-rate long-term interest-bearing loans like the convertible bond and on the other hand by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The interest rate swaps are designated as cash flow hedges if it has been established that all hedges are materially effective. Cash flow hedge accounting has been applied for these swaps, which means that value movements in these swaps are recognised directly in equity.

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

Regarding the materially effective cash flow hedges, the interest rate risk on loans with a nominal value of € 138.5 million at year-end 2014 was hedged by entering into interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.79% to 4.45% (excluding margins) and expiry dates ranging from 2015 through to the beginning of 2018.

The cash flow hedges that are not effective are interest rate swaps where the interest on an amount totalling € 110.0 million has been fixed, with fixed interest rates varying from 0.72% to 3.00% and expiry dates varying from April 2015 to October 2019. These hedges were for the most part ineffective during certain periods in 2014, or will not be materially effective on the basis of future transactions, consequently the value movements in these interest rate swaps are (partially) directly recognised in the profit and loss account.

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

The fair value of the interest rate swaps for which the cash flow hedges are not effective, or to which no hedge accounting is applied, amounted to negative € 5.4 million at year-end 2014. This on balance negative market value, which on the expiry date will amount to nil, will be charged to the consolidated profit and loss account for the remaining term of these interest rate swaps, unless it is decided to settle the interest rate swaps prior to the expiry dates.

With due consideration to the abovementioned interest rate swaps, at year-end 2014, of the total long-term interest-bearing loans in the amount of € 599.4 million, € 435.9 million was at a fixed interest rate (see '25 B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans').

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

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 3.1 years (2013: 2.9 years).

All transactions involving financial derivatives are entered into with reputable banks with at least an AA credit rating from Standard & Poor's. For this reason, it is thought unlikely that the counterparties will be unable to fulfil their obligations.

Interest rate sensitivity
As at 31 December, 2014 the impact on the direct result of a hypothetical 100 basis points increase in interest rates - all other factors remaining equal - would be a fall of € 1.6 million. Should interest rates decrease by 100 basis points - all other factors remaining equal - as at this date, the impact on the direct result would be an increase of € 1.6 million.
The calculations take account of the financial derivatives entered into.

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

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

	2014			2013		
	Contract renewal	Interest renewal	Average interest rate [1]	Contract renewal	Interest renewal	Average interest rate [1]
2014	-	-	-	-	105,000	4.94
2015	-	72,500	5.21	283,471	87,500	5.05
2016	41,900	41,195	4.57	43,700	44,712	4.88
2017	61,245	30,000	3.61	61,657	44,100	4.33
2018	20,000	85,000	4.31	60,000	85,000	4.44
2019	129,663	144,663	2.82	25,000	25,000	4.88
2020 and beyond	346,580	62,500	5.38	62,712	62,500	5.30
Total long-term interest-bearing loans with a fixed interest rate	599,388	435,858	4.10	536,540	453,812	4.85
Long-term interest-bearing loans with a floating interest rate	-	163,530	1.93	-	82,728	2.21
Total long-term interest-bearing loans	**599,388**	**599,388**	**3.51**	**536,540**	**536,540**	**4.44**

[1] Including interest rate swaps and credit spreads in effect at year-end 2014 and 2013

C SUMMARY OF FAIR VALUE INTEREST RATE DERIVATIVES

	2014		2013	
	Asset	Liability	Asset	Liability
Interest rate swaps	**722**	**12,054**	**1,417**	**31,730**

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

	2014		2013	
	Fair value of interest rate derivatives	Carrying amount loans	Fair value of interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	(110)	50,000	(15,856) [1]	269,190
Interest rate swaps 1-2 years	(1,837)	31,000	(4,294)	80,000
Interest rate swaps 2-5 years	(9,385)	130,000	(10,163)	146,000
Interest rate swaps > 5 years	-	-	-	-
	(11,332)	**211,000**	**(30,313)**	**495,190**

For the purposes of the valuation method the interest rate derivatives are classed under 'level 2'. The fair value of the derivatives is determined with reference to information from reputable financial institutions, which information is also based on direct and indirect observable market data. For verification purposes, this information is compared to internal calculations made by discounting cash flows based on the market interest rate for comparable financial derivatives on the balance sheet date. When determining the fair value of financial derivatives, the credit risk of the Group or counterparty is taken into account.

[1] Including interest rate swaps to be settled in connection with the sale of the shopping centres and a retail park in Spain at the beginning of 2014.

26 RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

In 2014, Vastned sold the company Hispania Retail Properties S.L.U. (owner of the seven shopping centres/galleries and a retail park in Spain) to Orange Parent B.V., a company owned by a consortium comprising The Baupost LLC, GreenOak Real Estate and Grupo Lar. Aside from the usual balance-sheet guarantees, a guarantee was issued to this consortium concerning an offsettable tax loss effective from 2012 covering several years. The balance-sheet guarantee expires on 15 May 2015. The guarantee concerning the guaranteed offsettable tax loss is reduced annually and for the last year expires on 25 July 2017.

27 OPERATING LEASES

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

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

	2014	2013
Within one year	89,504	95,821
One to five years	168,803	191,941
More than five years	43,181	43,196
	301,488	**330,958**

In the Netherlands, leases are mostly concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rent adjustments are based on the cost-of-living index.

In France, leases are normally concluded for a period of at least nine years, the tenant having the option of renewing or terminating the lease every three years. Annual rent adjustments are based on the cost-of-construction index or on a combination of the cost-of-construction index, the cost-of-living index and retail prices.

In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rent adjustments are based on the cost-of-living index.

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

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

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

28 EVENTS AFTER THE BALANCE SHEET DATE

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

29 RELATED PARTIES TRANSACTIONS

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

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

INTERESTS OF MAJOR INVESTORS

As at year-end 2014, the Netherlands Authority for the Financial Markets (AFM) had received the following reports of shareholders with an interest in the Company's share capital exceeding three per cent:

Commonwealth Bank of Australia	5.79%
FMR LLC	5.05%
JP Morgan Asset Management Holdings Inc.	4.91%
APG Asset Management N.V.	4.86%
BNP Paribas Investment Partners SA	3.14%
ING Fund Management B.V.	3.06%
BlackRock, Inc.	3.02%
Resolution Capital Limited	3.00%

SUBSIDIARIES

Please refer to '30 Subsidiaries' and the chapter 'Corporate Governance' in the Report of the Board of Management for an overview of the major subsidiaries and participations.

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

LOAN TO VASTNED RETAIL BELGIUM NV

In the context of the acquisition of the shares in the company Veldstraat 23-27 NV by Vastned Retail Belgium NV, Vastned has provided a temporary loan to Vastned Retail Belgium NV in the amount of € 17.0 million. The temporary financing was provided in the form of a Term Loan Agreement that could only be applied for the acquisition of the Veldstraat 23-27 NV company. The 6-month Euribor plus 1.40% per year was applied as the interest rate.
The market conformity of the conditions governing this loan was confirmed by independent experts. Vastned Retail Belgium NV repaid the full amount of the loan to Vastned on 12 January 2015, thus terminating the Term Loan Agreement.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE BOARD OF MANAGEMENT

During the 2014 financial year none of the members of the Supervisory Board and the Board of Management of Vastned had a personal interest in the investments of the company.

REMUNERATION OF THE SUPERVISORY BOARD AND SHAREHOLDING

	Remuneration 2014	Shares held at year-end 2014	Remuneration 2013	Shares held at year-end 2013
W.J. Kolff	38	-	38	-
P.M. Verboom	37	-	37	-
J.B.J.M. Hunfeld	34	-	34	-
M. Bax	33	-	33	-
	142	**-**	**142**	**-**

REMUNERATION OF THE BOARD OF MANAGEMENT AND SHAREHOLDING

2014	Salaries (including social security charges)	Bonus for 2014 to be paid in 2015	Severance payment	Long-service bonus	Pension premiums	Crisis Levy	Total	Shares held at year-end 2014
T.T.J. de Groot	384	135	-	-	70	-	589	51,051
R. Walta (from 1 November 2014)	42	-	-	-	10	-	52	-
T.M. de Witte (up to and including 31 december 2014)	310	93	450	-	59	-	912	4,130
	736	**228**	**450**	**-**	**139**	**-**	**1,553**	**55,181**

2013	Salaries (including social security charges)	Bonus for 2013 to be paid in 2014	Severance payment	Long-service bonus	Pension premiums	Crisis Levy	Total	Shares held at year-end 2013
T.T.J. de Groot	383	101	-	-	70	67	621	39,110
T.M. de Witte	309	74	-	25	69	43	520	4,130
	692	**175**	**-**	**25**	**139**	**110**	**1,141**	**43,240**

Mr De Groot acquired 51,051 Vastned shares at his own expense. Mr De Witte acquired 3,063 Vastned shares at his own expense. He acquired the remaining shares in respect of the bonuses related to the direct result for 2006 and 2007.
Vastned has not provided any guarantees with regard to these shares.

No option rights have been granted to the statutory directors nor to the Supervisory Board members.

Moreover, no loans or advances have been made to them or guarantees provided on their behalf.

The members of the Supervisory Board and the Board of Management have been identified as key management personnel.

For further details of the remuneration, please refer to the chapter 'Remuneration report 2014' included elsewhere in this annual report.

30 SUBSIDIARIES

The subsidiaries are as follows:

	Established in	Interest and voting rights in %
Vastned Retail Nederland B.V.	Netherlands	100
Vastned Retail Monumenten B.V.	Netherlands	100
Vastned Management B.V.	Netherlands	100
Vastned Retail Nederland Projectontwikkeling B.V.	Netherlands	100
Vastned France Holding S.A.R.L.	France	100
- Jeancy S.A.R.L.	France	100
- Lenepveu S.A.R.L.	France	100
- S.C.I. Limoges Corgnac	France	100
- Palocaux S.A.R.L.	France	100
- Parivolis S.A.R.L.	France	100
- Plaisimmo S.A.R.L.	France	100
Vastned Management France S.A.R.L.	France	100
Vastned Retail Belgium NV	Belgium	65
- EuroInvest Retail Properties NV	Belgium	65
-Veldstraat 23-27 NV	Belgium	65
Vastned Retail Spain S.L.U.	Spain	100
Vastned Management España S.L.U.	Spain	100
Vastned Projecten B.V.	Netherlands	100
-Vastned Lusitania Investimentos Imobiliarios S.A.	Portugal	100
Vastned Emlak Yatırım ve Inșaat Ticaret A.Ș.	Turkey	100

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

The non-controlling interest recognised in the balance sheet as at 31 December 2014, concerns the share of the minority shareholders in the subsidiary Vastned Retail Belgium NV domiciled in Belgium and its subsidiaries EuroInvest Retail Properties NV and Veldstraat 23-27 NV.
The summarised financial information of this subsidiary as at 31 December 2014, is as follows:

	100%	Non-controlling interests
Balance sheet		
Property	356,536	123,038
Other assets	5,571	1,923
	362,107	**124,961**
Equity	242,794	83,786
Long-term liabilities	91,541	31,590
Other liabilities	27,772	9,585
	362,107	**124,961**
Profit and loss account		
Net rental income	20,751	7,161
Value movements in property	7,888	2,722
Net financing costs	(5,445)	(1,879)
General expenses	(2,455)	(847)
Income tax	(213)	(74)
Result	**20,526**	**7,083**
Value movements financial derivatives directly recognized in equity	297	102
Total comprehensive income	**20,823**	**7,185**
Cash flow statement		
Cash flow from operating activities	13,038	4,499
Cash flow from investment activities	17,390	6,001
Cash flow from financing activities	(31,949)	(11,025)
Total cash flow	**(1,521)**	**(525)**

In 2014 a dividend amounting to € 4.6 million was made payable to non-controlling interests in Vastned Retail Belgium NV.

31 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

SOURCES OF ESTIMATE UNCERTAINTIES

Assumptions concerning pending legal proceedings
As at 31 December 2014 there were no legal proceedings whose final outcome the Board of Management expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the result. If the outcome of these legal proceedings should differ from what the Board of Management estimates, this might have a negative impact on the result.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Assumptions concerning properties in operation and under renovation

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

Assumptions concerning properties in pipeline

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

Business combinations

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

Assumptions concerning pensions

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

Deferred tax liabilities in Spain

As a result of the amended tax legislation in Spain effective from 2015, the existing refund facility for any income tax owed when realised capital gains are reinvested has been eliminated. Under this fiscal facility, subject to conditions, it was possible to request a refund of 12% (2014) of the income tax owed at the nominal tax rate of 30% (2014). Effective from 2015, this component has been replaced with a new, significantly reduced facility with additional conditions, as a result of which the income tax refund in the event of reinvestment is limited in the opinion of the Board of Management. The deferred tax liabilities that pertain to hidden reserves relating to property are therefore calculated on the basis of the nominal tax rate at which these are expected to be settled.

32 APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 12 March 2015.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER
(x € 1,000)

	2014	2013
ASSETS		
Property in operation	7,878	10,471
Accrued assets in respect of lease incentives	42	64
Total property	**7,920**	**10,535**
Participations in group companies	1,405,817	1,186,463
Financial derivatives	722	1,399
Total fixed assets	**1,414,459**	**1,198,397**
Group companies	37,379	154,629
Debtors and other receivables	1,376	325
Income tax	3,635	-
Cash and cash equivalents	8	47
Total current assets	**42,398**	**155,001**
Total assets	**1,456,857**	**1,353,398**
EQUITY AND LIABILITIES		
Capital paid-up and called	95,183	95,183
Share premium reserve	472,640	468,555
Hedging reserve in respect of financial derivatives	(5,691)	(15,180)
Translation reserve	(5,728)	(3,870)
Revaluation reserve	375,162	378,232
Other reserves	(181,059)	(46,827)
Result attributable to Vastned Retail shareholders	31,706	(91,176)
Equity Vastned Retail shareholders	**782,213**	**784,917**
Long-term interest-bearing loans	512,379	317,787
Financial derivatives	828	10,953
Guarantee deposits	102	153
Total long-term liabilities	**513,309**	**328,893**
Payable to banks	146,272	231,350
Financial derivatives	6,671	604
Income tax	3,124	21
Other liabilities and accruals	5,268	7,613
Total short-term liabilities	**161,335**	**239,588**
Total equity and liabilities	**1,456,857**	**1,353,398**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

	2014	2013
Company result	(15.169)	(4,072)
Result from participations in group companies	46.875	(87,104)
Result	**31,706**	**(91,176)**

NOTES TO THE COMPANY ANNUAL ACCOUNTS

GENERAL INFORMATION

The company profit and loss account has been shown in abbreviated form pursuant to Article 402 of Book 2 of the Dutch Civil Code.
The company annual accounts are part of the 2014 annual accounts, which also include the consolidated annual accounts.
The Company has availed itself of the provisions of Article 379(5) of Book 2 of the Dutch Civil Code. The list as referred to in this Article has been filed with the offices of the Commercial Register in Rotterdam.
The Company has issued certificates of guarantee for a number of group companies in accordance with Article 403 of Book 2 of the Dutch Civil Code.

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

The company annual accounts have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.
In the preparation of the company annual accounts, the provisions of Article 362(8) of Book 2 of the Dutch Civil Code have been used.
The valuation principles for assets and liabilities and the method of determining the result are identical to those used in the consolidated annual accounts. Reference is therefore made to the notes to those accounts.
The participations in group companies have been stated at net asset value.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

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

PROPERTY IN OPERATION

	2014	2013
Balance as at 1 January	10,471	16,581
Disposals	(3,225)	(5,976)
Value movements	632	(134)
Balance as at 31 December	7,878	10,471
Accrued assets in respect of lease incentives	42	64
Appraisal value as at 31 December	**7,920**	**10,535**

PARTICIPATIONS IN GROUP COMPANIES

	2014	2013
Balance as at 1 January	1,186,463	1,245,142
Adjustment related to change in accounting principles	-	(4,308)
	1,186,463	1,240,834
Acquisitions and capital contributions	207,008	11,839
Share in result	46,875	(87,104)
Share in other comprehensive income	1,171	22,796
Payments received	(8,799)	(8,700)
Disposals	(26,930)	-
Legal restructuring of participating interests	-	6,823
Other movements	29	(25)
Balance as at 31 December	**1,405,817**	**1,186,463**

As at 31 December 2014, Vastned together with its subsidiaries held 3,325,960 Vastned Retail Belgium shares (31 December 2013: 3,325,960 shares). The net asset value per share on 31 December 2014 was € 47.81 (31 December 2013: € 46.37 per share).
The share price of Vastned Retail Belgium shares on 31 December 2014 was € 57.97 per share (31 December 2013: € 52.40 per share).

EQUITY

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 31 December 2012	95.183	468.555	(44.747)	(2.464)	460.852	(36.713)	(41.000)	899.666
Adjustment related to change in accounting principles	-	-	-	-	-	(4.308)	-	(4.308)
Balance as at 1 January 2013	95,183	468,555	(44,747)	(2,464)	460,852	(41,021)	(41,000)	895,358
Result	-	-	-	-	-	-	(91,176)	(91,176)
Remeasurement of defined benefit obligation	-	-	-	-	-	376	-	376
Value movements in financial derivatives	-	-	18,624	-	-	-	-	18,624
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	9,971	-	-	-	-	9,971
Translation differences on net investments	-	-	-	(1,406)	-	-	-	(1,406)
Reclassification	-	-	972	-	-	(972)	-	-
Final dividend for previous financial year in cash	-	-	-	-	-	-	(29,316)	(29,316)
2013 interim dividend in cash	-	-	-	-	-	(17,514)	-	(17,514)
Contribution from profit appropriation	-	-	-	-	-	(70,316)	70,316	-
Allocation to revaluation reserve	-	-	-	-	(82,620)	82,620	-	-
Balance as at 31 December 2013	**95,183**	**468,555**	**(15,180)**	**(3,870)**	**378,232**	**(46,827)**	**(91,176)**	**784,917**
Result	-	-	-	-	-	-	31,706	31,706
Remeasurement of defined benefit obligation	-	-	-	-	-	(2,639)	-	(2,639)
Value movements in financial derivatives	-	-	5,557	-	-	-	-	5,557
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	3,932	-	-	-	-	3,932
Translation differences on net investments	-	-	-	(418)	-	-	-	(418)
Reclassification	-	-	-	(1,440)	-	1,440	-	-
Equity component convertible bond	-	4,085	-	-	-	-	-	4,085
Final dividend for previous financial year in cash	-	-	-	-	-	-	(31,030)	(31,030)
2014 interim dividend in cash	-	-	-	-	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	-	(122,206)	122,206	-
Allocation to revaluation reserve	-	-	-	-	(3,070)	3,070	-	-
Balance as at 31 December 2014	**95,183**	**472,640**	**(5,691)**	**(5,728)**	**375,162**	**(181,059)**	**31,706**	**782,213**

The authorised share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.
The legal reserves comprise the Hedging reserve in respect of financial derivatives, the Translation reserve and the Revaluation reserve.

LONG-TERM INTEREST-BEARING LOANS

	2014				2013			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Unsecured loans:								
fixed interest [1]	129,664	226,000	355,664	4,24	171,170	87,430	258,600	5,08
floating interest	34,215	122,500	156,715	1,96	59,187	-	59,187	2,35
	163,879	**348,500**	**512,379**	**3,54**	**230,357**	**87,430**	**317,787**	**4,57**

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

A positive/negative mortgage covenant was issued for the loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned met these conditions on 31 December 2014.

The part of the long-term interest-bearing loans due within one year of € 15.0 million (2013: € 69.1 million) is recognised under short-term liabilities.

The convertible bond loan below was recognised under Long-term interest-bearing loans:

Year issued	Term	Carrying amount	Interest rate	Conversion price	Maximum number of shares
2014	5 years	€ 110,000	1.875%	€ 44.89	2,450,434

The average term of the long-term interest-bearing loans was 5.1 years (2013: 3.4 years).

FINANCIAL DERIVATIVES

	2014		2013	
	Asset	**Liability**	**Asset**	**Liability**
Interest rate swaps	722	7,499	1,399	11,557

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

	2014		2013	
	Fair value of interest rate derivatives	**Carrying amount loans**	**Fair value of interest rate derivatives**	**Carrying amount loans**
Interest rate swaps < 1 year	(107)	25,000	(604)	30,000
Interest rate swaps 1-2 years	(1,837)	31,000	(3,234)	55,000
Interest rate swaps 2-5 years	(4,833)	60,000	(6,320)	81,500
Interest rate swaps > 5 years	-	-	-	-
	(6,777)	**116,000**	**(10,158)**	**166,500**

APPROVAL OF THE COMPANY ANNUAL ACCOUNTS

The company annual accounts were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 12 March, 2015.

OTHER INFORMATION

PROFIT DISTRIBUTION

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

PROFIT APPROPRIATION

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

Result attributable to Vastned Retail shareholders	31,706
To be charged to the reserves	14,755
Available for dividend payment	46,461
Distributed earlier as interim dividend	(13,897)
Available for final dividend payment	**32,564**

The Board of Management, with due consideration to the conditions pertaining to the status of a fiscal investment institution within the meaning of Article 28 of the 1969 Netherlands Corporate Income Tax Act, proposes to pay out a final dividend in the amount of € 1.27 per share in cash for the 2014 financial year.

EVENTS AFTER THE BALANCE SHEET DATE

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

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

We have audited the financial statements 2014 of Vastned Retail N.V. in Rotterdam. The financial statements comprise the consolidated and the company financial statements.

In our opinion:

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

The consolidated financial statements comprise the consolidated balance sheet as at 31 December the 2014; the consolidated statement of comprehensive income; the consolidated statement of the movements in shareholders' equity and the consolidated cash flow statement over 2014; and the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise the Company balance sheet as at 31 December 2014, company profit and loss account over 2014 and the explanation with an overview of the important accounting policies and remaining explanations.

BASIS OF OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities in this respect are set out in the section "*Our responsibilities for the financial statements audit*".

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

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

MATERIALITY

Misstatements can arise due to fraud or errors and will be considered, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality influences the nature, timing and scope of our audit procedures and the evaluation of the impact of identified misstatements on our opinion.

Based on our professional judgment we have determined the materiality for the financial statements as a whole at EUR 23 million. Materiality is based on approximately 3% of shareholders' equity. We have applied a materiality of EUR 2.2 million for the financial statement items that influence the direct result – this is approximately 5% of the expected direct result. We also take into account misstatements and/or possible misstatements that in our judgment are material for qualitative reasons for the users of the financial statements.

We have agreed with the Supervisory Board that we would report to them misstatements in excess of EUR 110,000, which are indentified during our audit, as well as misstatements below that amount that are relevant in our view, for qualitative reasons.

SCOPE OF THE GROUP AUDIT

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group components. Decisive were, the size and/or the risk profile of the group components. Based on this we selected the group components for which an audit or a review of the full financial information or specific items was necessary.

We performed the audit procedures with the Dutch country organization. We engaged other auditors for three organizations abroad. Together they represent 98% of the total assets of the group, 96% of the property, 93% of the gross revenues of the group, and 92% of the direct result. Review procedures have been performed with one single country organization abroad.

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

THE KEY AUDIT MATTERS FOR OUR AUDIT

The key audit matters for our audit of the financial statements are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters discussed.

We have addressed these key audit matters in the context of our audit of the financial statements as a whole. Our findings on the individual audit matters should be considered in that context and should not be regarded as separate opinions on these audit matters.

Accounting for acquisition and sale of property
Considering the specific reporting requirements and the transition of Vastned's portfolio, we have performed specific audit procedures on accounting for acquisitions and sales. We have audited the accounting for acquisitions and sales of property on the basis of the related acquisition and sale contracts, deeds of transfer, and the proposals for investments and sales. We have also established the correctness of the authorization for each transaction.

Valuation of the property
The valuation of the property contains an inherent estimation uncertainty.
Using the underlying external appraisal reports we have verified the value of the property. We have likewise reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers. Likewise, we have critically reviewed the relevant factors influencing the appraisal value of an object and discussed these with the external appraisers and the responsible portfolio managers. We have additionally engaged internal property experts to review a selection of the property. We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realised upon sale.

Financing and compliance with the loan covenants
The company concluded financing and refinancing contracts in 2014. We have therefore given additional attention to the review of the contract conditions for these financings, among which the covenants included. We have reviewed the underlying calculation for the covenants on the basis of the contracts and the financial information at year-end 2014.

Valuation and recognition of interest derivatives
Interest rate derivatives contracts have been taken out to hedge the interest rate risk. Specific reporting requirements apply for their valuation and recognition. We have verified the value of the derivatives with the assistance of internal financial instruments valuation experts and we have agreed them on the basis of bank statements. We have reviewed the recognition by testing the hedge documentation and the effectiveness calculations.

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

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

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

Management of the company should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which makes it possible that we did not detect all errors or frauds.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal controls that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matters is in the public interest.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

APPOINTMENT

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

Rotterdam, March 12, 2015

Deloitte Accountants B.V.

Signed on the original:
D.A. Sonneveldt

REMUNERATION REPORT 2014

This chapter has three parts. The first part describes the current remuneration policy as approved by the Extraordinary General Meeting of 25 November 2011. The second part contains information on the remuneration of the Management Board and the changes to be expected in 2015. The third part contains information on the remuneration of the Supervisory Board.

CURRENT REMUNERATION POLICY

The remuneration policy of the Management Board of Vastned was adopted by the Extraordinary General Meeting of 25 November 2011. The remuneration policy is based on the following principles:

- the total remuneration must be adequate in terms of level and structure for Vastned to be able to attract and retain qualified and expert directors;
- the ratio between fixed and variable income must be such as to benefit Vastned's medium-term and long-term interests; and
- the variable component of the remuneration must be in keeping with the fixed component.

In the context of its remuneration policy, Vastned performs a benchmark check every three years, comparing the total remuneration of the Management Board with similar Netherlands-based property companies that Vastned competes with in the employment market. They include Corio, Eurocommercial Properties, Wereldhave and NSI (peer group). Annually, an evaluation is made based on the remuneration benchmark whether the fixed basic salary should be raised. The determination of the total remuneration of the Management Board also takes account of its impact on the remuneration ratios within the Company.

TOTAL DIRECT REMUNERATION (TDR)

The total direct remuneration of the Management Board is comprised of:
(I) a basic salary
(II) a variable income
- a performance-linked Short-term Incentive (STI)
- a performance-linked Long-term Incentive (LTI)

Next to this total remuneration, the Management Board is in principle entitled to a non-contributory pension and other fringe benefits like a company car and an allowance for telephone and internet expenses. The policy provides that the ratio between fixed and variable income elements (STI plus LTI) in the TDR of both members of the Management Board upon realisation of the targets should be 50%-50%.

Breakdown of TDR (if targets are realised):

Basic salary	50%
Variable income (STI + LTI)	50%
Total direct remuneration (TDR)	100%

BASIC SALARY

In its determination of a suitable level of remuneration, Vastned takes account of external reference data. The CEO is awarded a fixed annual salary including holiday allowance that is in line with those of the peer group mentioned above. The other members of the Management Board are awarded a fixed annual salary of 60%-80% of the fixed salary of the CEO, depending on the weight of their property portfolio, their experience and performance. The Supervisory Board has the discretionary power to change the basic salary. The fixed basic salary is pensionable, in contrast to the variable salary components listed below.

VARIABLE INCOME

Annually at the end of the financial year, after the Supervisory Board has determined the fixed salaries of the members of the Management Board for the next financial year, it sets the maximum variable income for that year for each board member based on the average of the annual salaries set.

The variable income of the remuneration is comprised of Short-term and Long-term Incentives. The STI makes up 40% of the variable income and the LTI 60%. The STI is linked to the realisation of short-term objectives with a term of one year, and the LTI is linked to the realisation of long-term objectives with a term of three years. The above strikes a balance between short-term and long-term value creation. As explained above, upon realisation of the objectives, the maximum variable income (STI plus LTI) is 100% of the basic salary.

The Supervisory Board has the discretionary power to set the parameters related to the various components of the variable part of the income and alter them as necessary, taking into account the general rules and principles of the remuneration policy. The ratio of the variable income upon realisation of the objectives is shown below and explained in more detail in the subsequent paragraphs.

Short-Term Incentive (STI)	40%
Long-Term Incentive (LTI)	60%
Total variable income as a % of average basic salary	100%

Short-Term Incentive (STI)

The members of the Management Board are entitled to participate in an STI scheme. This scheme rewards short-term operational achievements aimed at creating lasting value in the long term. The maximum STI upon realisation of all the objectives is 40% of the average annual salary.

For the STI, four performance criteria are set annually by the Supervisory Board based on factors including past performance, the short-term operational and strategic outlook of the company and the long-term expectations. The objectives contribute to the intended long-term value creation.

A score range is attached to each performance criterion in such a way that ‘at target’ performance on all four criteria results in a bonus of 32% of the set maximum bonus amount. The maximum STI of 40% is only awarded for above target performance on all criteria. No STI is awarded if none of the set minimum performance criteria is realised. At least three of the four performance targets will be objectively measurable, challenging targets, of which in principle two are the same for all board members and one is specific to each board member. The fourth performance criterion may contain qualitative elements, including an evaluation by the Supervisory Board of the board members’ performance.

Due to the sensitive character of the performance criteria, Vastned does not disclose the actual criteria. The level of realisation of the STI is determined after the conclusion of the relevant financial year and the corresponding bonus is paid out in cash after the Annual General Meeting has adopted the financial statements for the relevant financial year. Board members will use the STI paid out to buy Vastned shares while and to the extent that the value of the Vastned shares purchased at their own cost they hold is less than 50% of their gross annual salary.

Long Term Incentive (LTI)

The members of the Management Board are entitled to participate in an LTI scheme in the form of performance-linked shares. The performance-linked share scheme concerns conditional awarding of shares to members of the Management Board. Actual acquisition of these shares is dependent on the realisation of certain predefined performance criteria over a period of three years (evaluation of the realisation over three years will occur for the first time in 2015). The nominal amount of the LTI determined at that time will be paid out in shares at the opening price of the Vastned share determined for that year, as defined below (Opening price). Such shares are immediately entitled to dividends. Two objectives are set for the acquisition of performance-linked shares:

a. Total Shareholder Return (TSR) of the Vastned share compared to a peer group;
b. The three-year return that Vastned realises on the average of the share's opening prices and net asset value per share (NAV).

The LTI performance targets are defined as follows:

a. TSR of the Vastned share compared to a peer group;

50% of the LTI is linked to the total result over a rolling three-year period, which is defined as consisting of value movements of the share price and takes account of reinvestment of dividends received in the interim (TSR) compared to an international peer group. At the start of each financial year, the opening share prices of Vastned and of a peer group of nine other listed retail property companies are determined by calculating the average of the first 10 closing prices of the year of every company. This peer group currently includes:

Reference group

Eurocommercial Properties	Corio
Mercialys	Citycon
Wereldhave	NSI
Deutsche EuroShop	Klépierre
Unibail-Rodamco	Vastned

The peer group is reviewed annually by the Supervisory Board in view of market developments (such as mergers and takeovers) that may impact the suitability of the composition of the group. After three years, for the first time in 2015, the TSRs of Vastned and its peer group over the preceding three years are ranked. The maximum LTI to be awarded conditionally becomes definitive in accordance with the following scheme:

Ranking	LTI (in %)
Vastned in position 1-2	50%
Vastned in position 3-4	35%
Vastned in position 5-6	20%
Vastned in position 7-10	0%

The realisation of these LTI performance targets will be validated by a bank and audited by the external auditor.

b. LTI linked to three-year return

The remaining 50% of the LTI is linked to the three-year return Vastned realises on the average of the opening share price and NAV. The latter is corrected for the purchasing costs incurred on investment properties in the context of the updated strategy during the relevant period. Every year the starting value is determined by calculating Vastned's average opening share price as set out above (the average of the first ten closing prices) and the NAV at year-end of the preceding financial year, corrected for the purchase costs during the preceding three financial years. After three years, the return realised on the starting value determined thus is calculated by dividing the value movement plus the dividend paid out in the interim by the starting value.

Example
Say the average of the first ten closing prices of the Vastned share in 2012 was € 32.67 and the NAV at year-end 2011 was € 53.73. The starting value for the calculation of the LTI is set as the average of these two values, i.e. € 43.20. Now say the starting value of the share in 2015 calculated in the same way is € 46 and that € 10 dividend has been paid out in the interim, the three-year return would be 29.6% ((€ 46 - € 43.20 + € 10) / € 43.20). [1]

[1] *The amounts used are fictitious and are in no way predictive.*

The conditionally awarded maximum LTI vests in accordance with the following scheme:

Three-year yield less than 25%:	0% LTI
Three-year yield between 25% and 35%:	LTI pro rata, 5% per % rendement
Three-year yield 35% or more:	50% LTI

If the starting value of the three-year period calculated as explained above rises, the awarding ranges referred to above will be adjusted in accordance with the scheme below.

		Initial share price three-year period (amounts in €) (as %)				
	Percentage awarded	<45	45-50	50-55	55-60	>60
	0	25,0	23,8	22,6	21,4	20,4
Lower limits of	5	26,0	24,7	23,5	22,3	21,2
graduated scales	10	27,0	25,7	24,4	23,1	22,0
for three-year yield	15	28,0	26,6	25,3	24,0	22,8
	20	29,0	27,6	26,2	24,9	23,6
	25	30,0	28,5	27,1	25,7	24,4
	30	31,0	29,5	28,0	26,6	25,2
	35	32,0	30,4	28,9	27,4	26,1
	40	33,0	31,4	29,8	28,3	26,9
	45	34,0	32,3	30,7	29,2	27,7
	50	35,0	33,3	31,6	30,0	28,5

No more than 50% of the shares awarded in respect of the LTI in any financial year may be sold immediately to pay taxes due. The remaining shares paid out must be retained for at least two years or, if earlier, until the end of the relevant board member's employment.

Amounts conditionally awarded in respect of the LTI scheme will vest unconditionally in principle when a public offer for Vastned shares supported by Vastned becomes irreversible. However, before the amounts awarded in respect of the LTI vest unconditionally in the event of a public offer, the Supervisory Board will examine based on good corporate governance and applicable legislation whether the vesting of these amounts would lead to disproportional or otherwise unfair results, in which case the Supervisory Board is authorised to adjust the remuneration.

In the event of early termination of the employment of a Management Board member, the Supervisory Board will determine based on the way and the circumstances in which that termination took place whether, and if so to what extent, the shares conditionally awarded in respect of the LTI to the relevant board member will be cancelled.

Awarding date

The shares are awarded on the day of the first ex dividend listing following the Annual General Meeting in which Vastned's annual accounts are adopted.

EMPLOYMENT AGREEMENTS OF THE MANAGEMENT BOARD

Duration of the agreement

The employment agreements with Mr De Groot and Mr Walta have a four-year term.

Term of office

The Annual General Meeting of 2 May 2012 appointed Mr De Groot for a four-year term, starting on 25 November 2011. The Annual General Meeting of 28 November 2014 appointed Mr Walta for a four-year term, starting on 1 November 2014.

Notice period

A notice period of three months applies to the members of the Management Board when a board member terminates the agreement himself. If it is terminated by Vastned, a statutory notice period of six months applies.

Severance payment

Mr T.T.J. de Groot (CEO) and Mr Walta (CFO as of 1 November 2014)

If the employment agreement with Mr De Groot or Mr Walta is terminated in connection with a merger or takeover on Vastned's initiative, a maximum compensation of twelve months will be paid. Mr De Groot's and Mr Walta's employment agreements comply with the Dutch Corporate Governance Code.

Mr T.M. de Witte (CFO until 1 november 2014)

In early 2014, Vastned and Mr De Witte came to an agreement about the payment of a severance payment totalling 1.5 times his annual salary in 2014. This severance payment, which is higher than allowed by the Dutch Corporate Governance Code, is partly intended as compensation for the rights arising from the existing employment agreement and as redemption of possible rights derived from the LTI scheme.

Share ownership

The Supervisory Board will encourage the Management Board to hold shares in the company to emphasise their belief in the company and the strategy.

Loans

Vastned does not provide loans or guarantees to members of the Management Board.

Scenario analysis

According to the Code, the Supervisory Board must analyse possible outcomes of the variable remuneration components and consider the consequences for the remuneration of directors. Vastned performs such an analysis at least every three years.

REMUNERATION OF THE MANAGEMENT BOARD

REMUNERATION OF THE MANAGEMENT BOARD IN 2014

The basic salaries (excluding social charges) over a full calendar year of the Management Board for the 2014 financial year have been determined as follows:

Basic salary	2014	2013	Change as %
Taco T.J. de Groot	375,000	375,000	0%
Tom M. de Witte [1)]	300,000	300,000	0%
Reinier Walta [2)]	245,000	-	-

[1)] *Stepped down on 1 November 2014*

[2)] *Appointed as of 1 November 2014*

Variable income in 2014

The maximum variable income for the 2014 financial year for managing directors De Groot and De Witte was € 337,500, with a maximum STI of € 135,000 and a maximum LTI of € 202,500. Mr Walta has agreed with the Supervisory Board that he is not entitled to either STI or LTI in 2014 as he joined the company as per 1 November 2014.

Short-term Incentives for 2014

The STI targets are reviewed annually to ensure they are challenging but realistic. The performance targets are determined in relation to Vastned's operational and strategic direction and are directly linked to Vastned's ambitions. Performance targets were set at the start of the year for each Management Board member, which included:

1) raising the share of premium city high street shops in the property portfolio;
2) disposing of non-core property;
3) realising a predetermined occupancy rate; and
4) further diversification of financing.

The Supervisory Board has determined the extent to which the 2014 STI performance targets have been achieved. The realisation rate for Mr. De Groot was 40% of the basic salary, the realisation rate of Mr. De Witte 27.7%. A table showing the STI paid to each individual member of the Management Board in 2013 is presented on the next page.

Long-term Incentives for 2012

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2012 was € 202,500. Reporting year 2014 is the third and last year in the three-year period over which the LTI for 2012 is determined. Based on the position at year-end 2014, no LTI linked to relative TSR is payable as Vastned ranked ninth in the defined peer group. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2012 has been recognised in the annual accounts.

Long-term Incentives for 2013

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2013 was also € 202,500. Reporting year 2014 is the second year in the three-year period over which the LTI for 2013 is determined. Based on the position at year-end 2014, Vastned owes an LTI linked to relative TSR of 50% as Vastned came second in the ranking within the peer group. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2013 has been recognised in the annual accounts.

Long-term Incentives for 2014

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2014 was € 202,500. Reporting year 2014 is the first year of the three-year period over which the LTI for 2014 is determined. Based on the position at year-end 2014, Vastned owes an LTI linked to relative TSR of 20% as Vastned finished sixth in the ranking. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2014 has been recognised in the annual accounts.

Pensions

The pension schemes for the Management Board are non-contributory. Mr De Witte's and Mr Walta's pensions are based on a career average scheme and Mr De Groot's is a defined-contribution scheme. The expected retirement age of Mr De Groot, Mr De Witte and Mr Walta is 67 years. The schemes include among others a partner's pension and an invalidity pension.

Loans

Vastned did not provide any loans or guarantees to members of the Management Board in 2014.

Share purchase

At year-end Mr De Witte and De Groot hold respectively 4,130 and 51,051 shares in the company to emphasise their belief in the strategy and the company itself. Mr. Walta joined the company as per November 2014 and did not acquired shares yet. They have acquired these shares in private transactions with their own financial means. More information is provided in the section 'Information on the Vastned share' on page 43.

Overview of the remuneration of the Management Board

The table below presents the remuneration awarded to the Management Board.

Name	Fixed salary [4]	Severance payment	Allowances and other payments [3]	Variable income	Subtotal	Pension	Shares awarded	Total
Taco T.J. de Groot	375,000	-	25,757	135,000	535,757	70,000	0	605,757
Tom M. de Witte [1]	300,000	450,000	17,706	93,462	861,168	59,000	0	920,168
Reinier Walta [2]	40,833	-	5,367	-	46,200	10,000	0	56,200

[1] Stepped down on 1 November 2014

[2] Appointed as of 1 November 2014

[3] This concerns costs related to a company car, telephone and internet costs and allowances for health insurance.

[4] Excluding social charges

The Supervisory Board has not availed itself of the right to adjust or reclaim the bonuses awarded to the Management Board for the 2014 reporting year.

REMUNERATION OF THE MANAGEMENT BOARD IN 2015

Based on an analysis of the current remuneration policy, also within the context of the current views regarding remuneration as also described in the report from the Supervisory Board, the Supervisory Board decided begin 2014 to develop a new draft remuneration policy for the Management Board. This remuneration policy will be put to the Annual General Meeting on 24 April 2015.

REMUNERATION OF THE SUPERVISORY BOARD

REMUNERATION POLICY AND REMUNERATION IN 2014

In accordance with good corporate governance, the remuneration of the members of the Supervisory Board is independent of the results of the Company. This implies that no shares are awarded as remuneration to the members of the Supervisory Board.

The current remuneration package for the Supervisory Board comprises a fixed annual remuneration and an annual remuneration for membership in committees. The fixed annual remuneration of the Chairman of the Supervisory Board is € 38,000; the other members of the Supervisory Board each receive a fixed remuneration of € 30,000. Members receive € 4,000 for membership of the Audit Committee. Members of the Remuneration Committee each receive € 3,000. All members receive an allowance for travel and accommodation expenses of € 1,250 per year excluding VAT.

Insofar members of the Supervisory Board own Vastned shares, they must be a long-term investment in the Company. As at 31 December 2014, none of the members of the Supervisory Board held any shares in Vastned.

Vastned does not provide any loans or guarantees to the members of the Supervisory Board.

Overview of the remuneration of the Supervisory Board in 2014

The table below presents the remuneration awarded to the Management Board in 2014 (remuneration in €).

Name	Supervisory Board	Audit committee	Remuneration committee	Total
Wouter J. Kolff	38,000	-	-	38,000
Pieter M. Verboom	30,000	4,000	3,000	37,000
Jeroen B.J.M. Hunfeld	30,000	4,000	-	34,000
Marieke Bax	30,000	-	3,000	33,000
Total 2014	**128,000**	**8,000**	**6,000**	**142,000**


H&M
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PROPERTY PORTFOLIO

PROPERTY
IN OPERATION

Country / City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
THE NETHERLANDS							
ALMELO							
Grotestraat 32 / Hof van Gülick 10		High street shop	1993	1920	210	1	1
Grotestraat 36		High street shop	1996	1920	430	1	-
Grotestraat 83-85		High street shop	1994	1850	255	1	-
Grotestraat 97a / Koornmarkt 3-5 and 9-11 / Werfstraat 1		High street shop	1993	1920	1,132	5	-
ALMERE-BUITEN							
Shopping centre Buitenmere		Shopping centre	2012	2012	4,955	16	-
AMERSFOORT							
Langestraat 8		High street shop	1990	1900	409	1	1
Utrechtsestraat 13 / Hellestraat 3		High street shop	2008	1900	97	1	1
AMSTERDAM							
Shopping centre Boven 't IJ	[1]	Shopping centre	90/93/07	68/72	9,988	2	-
Ferdinand Bolstraat 65		Premium city high street shop	1989	1883	113	1	3
Ferdinand Bolstraat 79-81		Premium city high street shop	1987	1905	160	1	6
Ferdinand Bolstraat 88		Premium city high street shop	1987	1883	85	1	3
Ferdinand Bolstraat 92 / G. Flinckstraat 118		Premium city high street shop	1987	1882	81	1	6
Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90		Premium city high street shop	1987	1892	194	1	9
Ferdinand Bolstraat 101		Premium city high street shop	1989	1892	118	1	3
Ferdinand Bolstraat 109		Premium city high street shop	1989	1882	76	1	3
Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88		Premium city high street shop	1993	1893	130	1	6
Ferdinand Bolstraat 122		Premium city high street shop	1987	1893	95	1	3
Ferdinand Bolstraat 124		Premium city high street shop	1987	1893	75	1	3
Ferdinand Bolstraat 126		Premium city high street shop	1989	1893	80	1	3
Heiligeweg 37		Premium city high street shop	2014	1907	114	1	-
Heiligeweg 47		Premium city high street shop	1989	1899	60	1	-
Kalverstraat 9		Premium city high street shop	1990	1900	253	1	-

Country / City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
Kalverstraat 132		Premium city high street shop	2014	1894	118	2	-
Kalverstraat 162-164		Premium city high street shop	1988	1800	328	1	-
Kalverstraat 182		Premium city high street shop	1987	1900	95	1	-
Kalverstraat 208		Premium city high street shop	1991	1850	160	2	-
Keizersgracht 504		Premium city high street shop	2012	1686	200	1	1
Leidsestraat 5		Premium city high street shop	1990	1905	380	1	-
Leidsestraat 23		Premium city high street shop	2013	1700	160	1	-
Leidsestraat 46		Premium city high street shop	2012	1900	190	1	-
Leidsestraat 60-62		Premium city high street shop	2014	1750	82	2	2
Leidsestraat 64-66 / Kerkstraat 44		Premium city high street shop	1986	1912	790	4	-
P.C. Hooftstraat 46-50		Premium city high street shop	2014	1885	186	2	4
P.C. Hooftstraat 49-51		Premium city high street shop	2013	1905	380	1	5
P.C. Hooftstraat 78, 78-I-II-III		Premium city high street shop	2013	1905	465	2	-
Reguliersbreestraat 9 / Amstel 8		Premium city high street shop	1987	1905	277	2	3
Rembrandtplein 7	1)	Premium city high street shop	2007	1897	285	1	1
Van Baerlestraat 86		Premium city high street shop	1994	1800	90	1	2
Van Baerlestraat 108-110		Premium city high street shop	1990	1800	265	2	3
APELDOORN							
Deventerstraat 5		High street shop	1990	1900	363	2	2
Deventerstraat 6		High street shop	1990	1930	70	1	-
Deventerstraat 14 and 14a		High street shop	1994	1900	295	2	-
ARNHEM							
Bakkerstraat 3a and 4 / Wielakkerstraat 8		High street shop	1990	1600	188	2	1
Bakkerstraat 5 and 6 /Wielakkerstraat 10		High street shop	1994/2014	1950	971	3	-
Koningstraat 12-13 / Beekstraat 105-107 and 108		High street shop	1988	1890	1,052	4	3
Vijzelstraat 24		High street shop	1994	1800	161	1	-
ASSEN							
Gedempte Singel 11-13 / Mulderstraat 8		High street shop	1995	1952	894	3	-
BERGEN OP ZOOM							
Wouwsestraat 48		High street shop	1994	1900	80	1	-
BEVERWIJK							
Nieuwstraat 9 -11 / Breestraat 65		High street shop	1989	1910	2,630	4	-
BILTHOVEN							
Julianalaan 53		High street shop	1997	1930	367	1	-
BOXMEER							
Hoogkoorpassage 14-18 and 22		High street shop	1990	1989	566	5	-
Steenstraat 110 / D'n entrepot		High street shop	1997	1992	135	1	1
BOXTEL							
Stationstraat 18-20		High street shop	1997	1920	750	1	1
BREDA							
Eindstraat 14-16		Premium city high street shop	1988	1924	260	1	-
Ginnekenstraat 3		Premium city high street shop	1994	1985	88	1	-
Ginnekenstraat 19		Premium city high street shop	1993	1980	150	1	-
Ginnekenstraat 80-80a		Premium city high street shop	1998	1905	165	1	1
Grote Markt 29 / Korte Brugstraat 2		Premium city high street shop	1991	1953	102	2	-
Karrestraat 25		Premium city high street shop	1994	1920	268	1	2
Ridderstraat 19		Premium city high street shop	1994	1800	225	1	-
Torenstraat 2 / Korte Brugstraat 14		Premium city high street shop	1992	1953	90	1	-
Veemarktstraat 30		Premium city high street shop	1991	1920	555	1	-
Veemarktstraat 32		Premium city high street shop	1992	1800	70	1	1
BRIELLE							
De Reede 36-50	1)	Shopping centre	1993	1977	1,610	7	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m^2)	Number of tenants	Number of apartments
BRUNSSUM						
Kerkstraat 45 / Schiffelerstraat 1	High street shop	1997	1970	620	1	-
BUSSUM						
Nassaulaan 12 / Nassaustraat 1a and 1g	High street shop	1994	1920	295	1	2
Nassaustraat 12-16	High street shop	1994	1900	181	2	2
Veerstraat 11 and 11d	High street shop	1990	1900	360	2	-
CAPELLE A/D IJSSEL						
Lylantse Baan 7	Retail warehouse	1990	1985	13,336	3	-
COEVORDEN						
Friesestraat 14 / Weeshuisstraat 9	High street shop	1997	1950	203	1	3
CULEMBORG						
Everwijnstraat 6-14 / Markt 53	High street shop	1999	1989	493	5	-
DALFSEN						
Van Bloemendalstraat 6-8 / Wilhelminastraat 5	High street shop	1997	1991	434	1	1
DEDEMSVAART						
Julianastraat 13-19	High street shop	1997	1922	1,190	4	-
DEVENTER						
Lange Bisschopstraat 34	High street shop	1991	1900	278	1	-
Lange Bisschopstraat 50	High street shop	1993	1800	210	1	1
DOETINCHEM						
Dr. Huber Noodstraat 2	High street shop	1997	1968	1,840	4	-
Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	High street shop	1994	1985	310	4	-
Nieuwstad 57-59	Retail warehouse	1988	1988	1,686	2	-
DOORWERTH						
Mozartlaan 52-66 / van der Molenallee 107-125	Shopping centre	1997	2007	3,395	11	-
DORDRECHT						
Voorstraat 262	High street shop	1996	1800	175	1	4
DRACHTEN						
Zuidkade 2	High street shop	1995	1900	150	1	1
EERBEEK						
Stuyvenburchstraat 44	High street shop	1997	1965	350	2	2
EINDHOVEN						
Orionstraat 137-159	Shopping centre	1993	1973	3,102	7	-
Rechtestraat 25	High street shop	1992	1930	100	1	-
Rechtestraat 44-48	High street shop	1988	1966	3,273	2	-
EMMELOORD						
Lange Nering 65	High street shop	1993	1960	275	1	1
ENSCHEDE						
Kalanderstraat 6	High street shop	1993	1950	124	1	-
Langestraat 9-17a / Achter het Hofje 2	High street shop	1987	1930	2,703	8	1
Raadhuisstraat 9	High street shop	1990	1954	289	1	-
GOES						
Lange Kerkstraat 9	High street shop	1994	1920	65	1	-
GOOR						
Grotestraat 57-59 and 63	High street shop	1994	1910	859	2	1
GOUDA						
Hoogstraat 5	High street shop	1988	1900	190	1	-
Kleiweg 77-95	High street shop	1994	1900	1,200	4	5
Kleiweg 103 / Regentesseplantsoen	High street shop	1990	1988	862	2	-
Markt 52	High street shop	1990	1900	284	1	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
GRONINGEN						
Brugstraat 2-6 / Schuitemakersstraat 1	High street shop	1995	1905	840	2	-
Dierenriemstraat 198/2	Shopping centre	1993	1992	914	1	-
Herestraat 41	High street shop	1994	1991	243	1	-
Vismarkt 31-31a-c	High street shop	1993	1880	275	1	1
HAAKSBERGEN						
Spoorstraat 45	High street shop	1997	1986	800	1	1
HAARLEM						
Grote Houtstraat 90	High street shop	1988	1850	96	1	-
HARDENBERG						
Fortuinstraat 21	High street shop	1997	1985	300	1	-
Voorstraat 10	High street shop	1997	1930	1,173	1	-
HARDERWIJK						
Markt 14	High street shop	1991	1875	470	1	-
Shopping centre Vuldersbrink	Shopping centre	1998	1978	4,735	9	-
HARLINGEN						
Kleine Bredeplaats 8a-10a / Grote Bredeplaats 26-26b	High street shop	1997	1990	658	-	3
HEERLEN						
In de Cramer 140	Retail warehouse	2007	2007	6,000	1	-
Saroleastraat 38	High street shop	1994	1930	225	1	1
HELMOND						
Veestraat 1	High street shop	1994	1950	240	1	-
Veestraat 39	High street shop	1994	1960	136	1	-
HENGELO						
Molenstraat 4	High street shop	1991	1991	120	1	1
Wegtersweg 4	Retail warehouse	2006	2006	4,622	1	-
'S-HERTOGENBOSCH						
Hinthamerstraat 48	Premium city high street shop	1988	1900	130	1	2
Markt 27	Premium city high street shop	2012	1648	225	1	-
Schapenmarkt 17-19	Premium city high street shop	2014	1930	1,254	1	-
HILVERSUM						
Kerkstraat 55	High street shop	1994	1950	130	1	-
Kerkstraat 87	High street shop	1988	1905	100	1	3
Kerkstraat 91	High street shop	1994	1850	250	1	-
Schoutenstraat 6	High street shop	1987	1923	65	1	-
Schoutenstraat 8	High street shop	1986	1923	122	1	-
HOOGEVEEN						
Hoofdstraat 157	High street shop	1993	1960	75	-	1
HOORN						
Grote Noord 114	High street shop	1996	1912	85	1	-
Grote Noord 118	High street shop	1994	1900	80	1	1
Nieuwsteeg 24	High street shop	1994	1920	134	1	1
HOUTEN						
Onderdoor 3, 11, 13	High street shop	2006	1984	713	4	-
Onderdoor 4, 4a	Other	2010	2010	2,105	2	-
IJSSELSTEIN						
Utrechtsestraat 45	High street shop	2007	2007	595	1	-
Utrechtsestraat 75	High street shop	1990	1911	300	1	-
JOURE						
Midstraat 153 - 163	High street shop	2006	1981	2,519	6	5
LEEK						
Tolberterstraat 3-5	High street shop	1997	1996	575	2	1

Country / City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
LEEUWARDEN							
Ruiterskwartier 127		High street shop	1995	1929	291	1	-
Ruiterskwartier 135		High street shop	1995	1930	70	-	-
Wirdumerdijk 7 / Weaze 16		High street shop	1994	1920	520	2	1
LEIDEN							
Haarlemmerstraat 53		High street shop	1996	1928	85	1	-
Haarlemmerstraat 202 / v.d. Werfstraat 39		High street shop	1994	1928	110	1	1
Haarlemmerstraat 208 / Duizenddraadsteeg 2		High street shop	1993	1928	72	-	1
Haarlemmerstraat 213		High street shop	1990	1928	546	-	-
Maarsmansteeg 2		High street shop	1989	1928	121	1	-
LELYSTAD							
De Promesse 113, 115, 121, 123, 129 and 135/ Stationsweg 22 and 23		High street shop	2009/2012	2009	7,335	7	-
Stadhuisstraat 2	1)	High street shop	1995	1975	470	2	-
Stadhuisplein 75	1)	High street shop	1996	1985	1,632	1	-
MAASTRICHT							
Grote Staat 59		Premium city high street shop	2014	1742	240	1	-
Muntstraat 16-18		Premium city high street shop	1989	1897	135	1	-
Muntstraat 20		Premium city high street shop	1987	1891	110	1	-
Muntstraat 21-23		Premium city high street shop	2014	1920	154	1	-
Wolfstraat 8 / Minckelersstraat 1		Premium city high street shop	1992	1883	789	2	-
Wolfstraat 27 - 29		Premium city high street shop	2013	1752	455	1	1
MEPPEL							
Hoofdstraat 50		High street shop	1990	1980	143	1	-
MIDDELBURG							
Korte Delft 1		High street shop	1991	1950	75	1	-
Lange Delft 59		High street shop	1991	1850	198	1	-
MIDDELHARNIS							
Westdijk 22-24		High street shop	1997	1990	325	1	-
NIJMEGEN							
Broerstraat 26 / Scheidemakershof 37		High street shop	1993	1960	161	1	1
Broerstraat 70 / Plein 1944 nr. 151		High street shop	1989	1951	1,033	1	-
Plein 1944 nr. 2		High street shop	1988	1957	164	1	1
OOSTERHOUT							
Arendshof 48-52		Shopping centre	2000	1963	349	1	-
Arendstraat 9-11		High street shop	1994	1982	889	3	-
Arendstraat 13		High street shop	1994	1989	440	2	1
OSS							
Heschepad 49-51 / Molenstraat 21-25		High street shop	1986	1983	2,803	3	-
PURMEREND							
Hoogstraat 19		High street shop	1993	1978	615	1	1
Kaasmarkt 7 / Westersteeg 1		High street shop	1994	1920	135	1	1
RENKUM							
Dorpsstraat 21-23		High street shop	1997	1907	520	2	-
RIDDERKERK							
St. Jorisplein 30		High street shop	1994	1970	478	3	-
ROERMOND							
Schoenmakersstraat 2		High street shop	1994	1900	140	1	-
Steenweg 1 / Schoenmakersstraat 6-18		High street shop	1986	1980	2,283	8	-
ROOSENDAAL							
Nieuwe Markt 51		High street shop	1994	1960	200	1	-

Country / City / Location		Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
ROTTERDAM							
Keizerswaard 73		Shopping centre	1996	1992	280	1	-
Lijnbaan 35-43		High street shop	1987	1955	880	4	-
Shopping centre Zuidplein Hoog		Shopping centre	94/95/10	1972	1,315	7	-
Zwart Janstraat 4		High street shop	1988	1892	96	1	3
Zwart Janstraat 8		High street shop	1988	1892	120	1	2
Zwart Janstraat 24		High street shop	1988	1892	83	1	2
Zwart Janstraat 34		High street shop	1991	1887	92	1	1
Zwart Janstraat 36-38		High street shop	1994	1887	200	1	3
Zwart Janstraat 55-59		High street shop	1987	1950	272	3	4
Zwart Janstraat 58-60		High street shop	1992	1888	160	1	2
Zwart Janstraat 63		High street shop	1990	1893	70	1	1
Zwart Janstraat 71-73		High street shop	1994	1900	178	-	2
Zwart Janstraat 72		High street shop	1991	1888	95	-	2
Zwart Janstraat 84		High street shop	1994	1920	92	1	2
SCHIEDAM							
Shopping centre Hof van Spaland	1)	Shopping centre	96/97	70/78	347	2	-
SNEEK							
Oosterdijk 58		High street shop	1996	1940	75	1	-
Schaapmarktplein 4		High street shop	1994	1852	275	1	-
SPIJKENISSE							
Nieuwstraat 118-232		Shopping centre	2010	1981	2,832	18	-
STADSKANAAL							
Navolaan 12		Retail warehouse	1993	1968	2,080	9	-
STEENWIJK							
Oosterstraat 22-26		High street shop	1994	1900	285	1	1
THE HAGUE							
Frederik Hendriklaan 101-103		Premium city high street shop	1989	1995	90	1	3
Frederik Hendriklaan 128 / v. Beuningenstraat 48		Premium city high street shop	1987	1990	125	1	2
Gravenstraat 1		Premium city high street shop	1993	1916	374	3	-
Hoogstraat 24-26		Premium city high street shop	1988	1923	319	1	-
Hoogstraat 27-27a		Premium city high street shop	1986	1916	550	1	-
Korte Poten 10		Premium city high street shop	1989	1916	56	1	-
Korte Poten 13		Premium city high street shop	1990	1916	120	1	2
Korte Poten 42		Premium city high street shop	1987	1900	55	1	4
Lange Poten 7		Premium city high street shop	1989	1937	112	1	-
Lange Poten 21		Premium city high street shop	1989	1916	204	1	2
Noordeinde 9 / Hartogstraat 1		Premium city high street shop	1988	1916	100	1	2
Noordeinde 16-18		Premium city high street shop	1989	1888	530	3	1
Noordeinde 48		Premium city high street shop	1988	1921	80	1	-
Noordeinde 54 / Molenstraat 1		Premium city high street shop	1989	1919	90	1	1
Plaats 17 and 21		Premium city high street shop	1990	1916	415	2	-
Plaats 25		Premium city high street shop	1987	1920	517	-	-
Plein 10		Premium city high street shop	1988	1920	507	1	-
Plein 11		Premium city high street shop	1987	1917	276	1	-
Spuistraat 13		Premium city high street shop	1988	1930	662	1	-
Venestraat 43		Premium city high street shop	1989	1916	115	1	-
Vlamingstraat 43		Premium city high street shop	1995	1916	163	1	-
Wagenstraat 3-5 / Weverplaats		Premium city high street shop	2012	2012	3,176	1	-
TIEL							
Waterstraat 29 / Kerkstraat 2b		High street shop	1994	1850	70	1	1
Waterstraat 51a		High street shop	1994	1920	65	1	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
TILBURG						
Heuvel 29-31 / J. v. Stolbergstraat 2-6	High street shop	1994	1920	298	3	2
Shopping centre Westermarkt	Shopping centre	93/94/08	61/62/63	7,614	10	-
UDEN						
Marktstraat 32	High street shop	1994	1958	420	1	1
UTRECHT						
Achter Clarenburg 19	Premium city high street shop	1987	1975	91	1	-
Bakkerstraat 16	Premium city high street shop	2013	1900	642	1	2
Choorstraat 13	Premium city high street shop	1987	1900	139	1	1
Lange Elisabethstraat 6	Premium city high street shop	1987	1850	113	1	-
Lange Elisabethstraat 36	Premium city high street shop	1993	1850	188	1	-
Nachtegaalstraat 55	Premium city high street shop	1994	1904	2,116	2	2
Oudegracht 124-128	Premium city high street shop	1990	1930	393	2	2
Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14	Premium city high street shop	1987	1900	2,482	10	5
Oudegracht 153 - 159	Premium city high street shop	1997	1904	1,616	7	2
Oudegracht 161	Premium city high street shop	1997	1900	1,963	4	-
Shopping centre Overvecht	Shopping centre	94/10	1970	5,374	17	-
Steenweg 9 / Choorstraat 9-9bis	Premium city high street shop	1990	1900	578	2	3
Steenweg 22-28	Premium city high street shop	2014	1800	288	4	3
Steenweg 31-33 / Hekelsteeg 7	Premium city high street shop	2013	1450	790	1	1
VEENENDAAL						
Hoofdstraat 25	High street shop	1990	1930	260	1	1
VEGHEL						
Kalverstraat 8-16	High street shop	1993	1988	446	3	3
VENLO						
Lomstraat 30-32	High street shop	1993	1960	465	1	-
Lomstraat 33	High street shop	1994	1970	50	1	-
VENRAY						
Grotestraat 2-4 / Grote Markt 2a-4	High street shop	1986	1946	1,166	3	-
VRIEZENVEEN						
Westeinde 21-29	High street shop	1993	1938	2,611	9	-
WASSENAAR						
Langstraat 188-190	High street shop	1990	1981	290	1	-
WINSCHOTEN						
Langestraat 22 / Venne 109	High street shop	1994	1900	70	1	-
Langestraat 24	High street shop	1991	1960	430	2	-
WINTERSWIJK						
Dingstraat 1-3	Retail warehouse	1998	1900	2,335	1	-
Misterstraat 8-10 / Torenstraat 5a and 5c	High street shop	1996	1900	441	1	2
Misterstraat 12 / Torenstraat 5b	High street shop	1991	1939	135	1	1
Misterstraat 14	High street shop	1991	1989	377	2	-
Misterstraat 33	High street shop	1999	1900	550	1	-
Weurden 2-4	High street shop	1998	1977	278	2	3
Wooldstraat 26	High street shop	1999	1900	603	2	-
ZUTPHEN						
Beukerstraat 28	High street shop	1989	1800	296	1	-
Beukerstraat 40	High street shop	1989	1838	335	1	-
ZWIJNDRECHT						
Shopping centre Walburg	Shopping centre	2011	1975	14,174	29	-

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
ZWOLLE						
Broerenstraat 7	High street shop	1994	1930	66	1	-
Diezerstraat 62	High street shop	1996	1910	95	1	-
Diezerstraat 74 and 74a	High street shop	2012	1800	315	1	1
Diezerstraat 78	High street shop	1990	1832	140	1	-
Kleine A 11-13 / Broerenkerkplein 2 - 6	High street shop	1989	1989	1,050	1	3
Luttekestraat 26 / Ossenmarkt 1a	High street shop	1990	1930	78	1	1
Roggenstraat 6	High street shop	1987	1900	106	1	-
Total property in operation the Netherlands				**200,753**	**526**	**220**

FRANCE

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
ANGERS						
Rue d'Alsace 7	High street shop	2012	1950	114	1	-
Rue d'Alsace 9	High street shop	2001	1950	67	1	-
Rue Lenepveu 25-29	High street shop	1998	1990	4,664	5	-
BORDEAUX						
Cours de l'Intendance 12	Premium city high street shop	2011	1900	390	1	-
Cours de l'Intendance 47	Premium city high street shop	2011	1900	262	1	-
Cours de l'Intendance 56	Premium city high street shop	2013	1900	310	1	-
Cours de l'Intendance 58	Premium city high street shop	2013	1900	125	1	-
Cours de l'Intendance 60	Premium city high street shop	2013	1900	508	1	-
Cours de l'Intendance 61	Premium city high street shop	2012	1900	720	2	2
Cours de l'Intendance 62	Premium city high street shop	2013	1900	660	1	-
Cours de l'Intendance 64-66	Premium city high street shop	2013	1900	240	1	-
Cours Georges Clémenceau 12	Premium city high street shop	2011	1900	360	1	2
Rue de la Porte Dijeaux 35-37	Premium city high street shop	2013	1900	1,302	1	-
Rue de la Porte Dijeaux 73	Premium city high street shop	2012	1950	139	1	-
Rue Sainte Catherine 20	Premium city high street shop	2011	1900	592	1	13
Rue Sainte Catherine 27-31	Premium city high street shop	2011	1900	979	4	3
Rue Sainte Catherine 35-37	Premium city high street shop	2011	1900	343	1	-
Rue Sainte Catherine 39	Premium city high street shop	2011	1900	335	1	-
Rue Sainte Catherine 66	Premium city high street shop	2012	1950	85	1	-
Rue Sainte Catherine 131	Premium city high street shop	2012	1900	567	1	-
CANNES						
Rue d'Antibes 40	Premium city high street shop	2000	1950	948	1	-
LILLE						
Place de la Gare 8	Premium city high street shop	2007	1945	314	2	-
Place des Patiniers 1 bis	Premium city high street shop	2007	1900	112	1	-
Place des Patiniers 2	Premium city high street shop	2007	1945	132	1	-
Place du Lion d'Or 9	Premium city high street shop	2007	1870	150	1	-
Place Louise de Bettignies 15-17	Premium city high street shop	2007	1870	352	1	-
Rue Basse 8	Premium city high street shop	2007	1930	148	1	-
Rue de la Grande Chaussée 25	Premium city high street shop	2007	1870	200	1	-
Rue de la Grande Chaussée 29	Premium city high street shop	2007	1870	476	1	1
Rue de la Grande Chaussée 33-35	Premium city high street shop	2007	1870	429	1	-
Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	Premium city high street shop	2007	1870	758	-	4
Rue de la Monnaie 4	Premium city high street shop	2007	1870	103	1	-
Rue de la Monnaie 6	Premium city high street shop	2007	1870	126	1	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
Rue de la Monnaie 6 bis	Premium city high street shop	2007	1870	83	1	-
Rue de la Monnaie 12	Premium city high street shop	2007	1870	168	1	-
Rue de la Monnaie 13	Premium city high street shop	2007	1870	85	1	-
Rue des Chats Bossus 13	Premium city high street shop	2007	1870	418	1	-
Rue des Chats Bossus 21	Premium city high street shop	2007	1870	168	1	-
Rue des Ponts de Comines 30	Premium city high street shop	2007	1945	197	1	-
Rue des Ponts de Comines 32	Premium city high street shop	2007	1945	267	1	-
Rue du Curé Saint-Etienne 6	Premium city high street shop	2007	1950	153	1	-
Rue du Curé Saint-Etienne 17	Premium city high street shop	2007	1870	172	1	-
Rue Faidherbe 28-30	Premium city high street shop	2007	1945	102	1	-
Rue Faidherbe 32-34	Premium city high street shop	2007	1945	676	1	-
Rue Faidherbe 38-44	Premium city high street shop	2007	1945	172	1	-
Rue Faidherbe 48	Premium city high street shop	2007	1945	135	1	-
LIMOGES						
Centre Commercial Beaubreuil	Shopping centre	2001	1980	4,452	12	-
Centre Commercial Limoges Corgnac	Shopping centre	2007	2006	5,407	12	-
LYON						
Rue Édouard Herriot 70	Premium city high street shop	2014	1900	374	2	-
Rue Victor Hugo 5	Premium city high street shop	2001	1950	90	1	-
MARSEILLE						
Rue Saint Ferréol 29	High street shop	2006	1980	246	1	-
NANCY						
Rue Saint-Jean 44-45	High street shop	1998	1990	4,794	7	-
NICE						
Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	Premium city high street shop	2001	1950	362	1	-
PARIS						
Rue d'Alésia 123	Premium city high street shop	2006	1956	420	1	-
Rue de Rivoli 102	Premium city high street shop	2012	1900	1,092	3	-
Rue de Rivoli 118-120	Premium city high street shop	1998	1997	3,830	6	9
Rue Montmartre 17	Premium city high street shop	2006	2003	248	1	-
SAINT-ÉTIENNE						
Rue Saint-Jean 27	High street shop	2001	1950	60	1	-
Total property in operation France				**41,181**	**102**	**34**

BELGIUM [2)]

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
AALST						
Albrechtlaan 56 [1)]	Retail warehouse	2000	>1980	1,000	1	-
Brusselsesteenweg 41	Retail warehouse	2007	>1980	770	1	-
Nieuwstraat 10	High street shop	1998	<1950	151	1	-
AARTSELAAR						
Antwerpsesteenweg 13 / 4	Retail warehouse	2000	>1980	1,334	1	-
ANS						
Rue de Français 393	Retail warehouse	1999	>1980	3,980	9	-
ANTWERP						
De Keyserlei 47	Premium city high street shop	2000	<1950	62	1	-
De Keyserlei 49	Premium city high street shop	2000	<1950	102	1	-
Groendalstraat 11	Premium city high street shop	2000	<1950	48	1	-
Huidevettersstraat 12	Premium city high street shop	1994	<1950	721	1	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
Korte Gasthuisstraat 27	Premium city high street shop	2000	< 1950	145	1	-
Leysstraat 17	Premium city high street shop	2000	< 1950	325	1	2
Leysstraat 28-30	Premium city high street shop	1997	< 1950	1,705	2	5
Meir 99	Premium city high street shop	1996	< 1950	583	1	-
Schuttershofstraat 24 / Kelderstraat 7	Premium city high street shop	2000	< 1950	106	1	-
Schuttershofstraat 30	Premium city high street shop	2000	< 1950	66	1	-
Schuttershofstraat 32 / Arme Duivelstraat 2	Premium city high street shop	2000	< 1950	54	1	-
BALEN						
Molsesteenweg 56	Retail warehouse	1999	> 1980	1,871	2	-
BOECHOUT						
Hovesesteenweg 123-127	Retail warehouse	2002	> 1980	1,230	1	-
BORGLOON						
Sittardstraat 10	Retail warehouse	1999	> 1980	996	2	-
BRUGES						
Maalsesteenweg 142	Retail warehouse	2007	> 1980	600	1	-
Steenstraat 38	Premium city high street shop	2013	< 1950	992	1	-
Steenstraat 80	Premium city high street shop	1998	< 1950	2,058	1	-
BRUSSELS						
Elsensesteenweg 16	Premium city high street shop	1996	< 1950	1,222	2	-
Elsensesteenweg 41-43	Premium city high street shop	1998	< 1950	6,577	7	-
Louizalaan 7	Premium city high street shop	2000	< 1950	160	1	-
Nieuwstraat 98	Premium city high street shop	2001	< 1950	150	1	-
DILSEN						
Rijksweg 17 nr. 770	Retail warehouse	1999	> 1980	992	-	-
DROGENBOS						
Nieuwe Stallestraat 217	Retail warehouse	2007	> 1980	530	1	-
FROYENNES						
Rue des Roselières 6	Retail warehouse	2000	> 1980	950	1	-
GENK						
Hasseltweg 74	Retail warehouse	2002	> 1980	2,331	3	-
GHENT						
Veldstraat 23-27	Premium city high street shop	2014	< 1950	2,690	1	-
Veldstraat 81 / Zonnestraat 6-10	Premium city high street shop	1998	< 1950	2,966	5	-
Volderstraat 15	Premium city high street shop	1993	< 1950	279	1	-
GRIVEGNÉE						
Boulevard de Froidmont 29	Retail warehouse	2007	> 1980	1,100	2	-
Rue Servais Malaise	Retail warehouse	2002	> 1980	2,000	1	-
HASSELT						
Genkersteenweg 76	Retail warehouse	1999	> 1980	996	2	-
HEUSDEN-ZOLDER						
Inakker	Retail warehouse	2002	> 1980	1,019	2	-
HUY						
Rue Joseph Wauters 3 [1)]	Retail warehouse	2007	> 1980	1,000	2	-
JEMAPPES						
Avenue Wilson 510	Retail warehouse	2007	> 1980	900	2	-
KAMPENHOUT						
Mechelsesteenweg 38-42	Retail warehouse	1999	> 1980	3,322	3	-
KORBEEK-LO						
Tiensesteenweg 378 [1)]	Retail warehouse	2007	> 1980	990	1	-
KUURNE						
Ringlaan 12	Retail warehouse	2007	> 1980	1,336	1	-

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
LA LOUVIÈRE						
Avenue de la Wallonie 1	Retail warehouse	2007	>1980	1,620	2	-
LEOPOLDSBURG						
Lidostraat 7	Retail warehouse	1999	>1980	1,850	1	-
LEUVEN						
Bondgenotenlaan 69-73	High street shop	2001	<1950	1,495	2	-
LIÈGE						
Rue Pont d'Ile 35	High street shop	1998	<1950	80	1	-
Rue Pont d'Ile 45	High street shop	1998	<1950	55	1	-
Rue Pont d'Ile 49	High street shop	1998	<1950	375	1	-
MECHELEN						
Bruul 39-41	High street shop	2000	<1950	361	2	-
Bruul 42-44	High street shop	2001	<1950	2,948	1	-
MOESKROEN						
Petite Rue 18	High street shop	1998	<1950	235	1	-
MONS						
Grand Rue 19	High street shop	2000	<1950	185	1	-
MONTIGNIES-SUR-SAMBRE						
Rue de la Persévérance 14	Retail warehouse	2007	>1980	750	1	-
MORTSEL						
Statielei 71-73	High street shop	1998	50/80	430	2	-
NAMUR						
Place de l'Ange 42	High street shop	2011	50/80	2,331	12	-
OVERPELT						
Burgemeester Laenenstraat 3	Retail warehouse	2002	>1980	877	2	-
PHILIPPEVILLE						
Rue de France	Retail warehouse	1999	>1980	3,689	6	-
SCHAARBEEK						
Leuvensesteenweg 610-640	Retail warehouse	1999	>1980	2,964	4	-
SINT-NIKLAAS						
Kapelstraat 101	Retail warehouse	2007	>1980	740	1	-
TIELT-WINGE						
Retail park 't Gouden Kruispunt, Aarschotsesteenweg 1-6	Retail warehouse	1999-2002	>1980	18,861	22	-
TIENEN						
Slachthuisstraat 36	Retail warehouse	2002	>1980	4,984	6	-
TURNHOUT						
Gasthuisstraat 5-7	High street shop	2001	<1950	1,269	1	-
Gasthuisstraat 32	High street shop	1996	<1950	1,743	1	-
VILVOORDE						
Leuvensestraat 43	High street shop	1998	<1950	1,338	1	-
Luchthavenlaan 5	Retail warehouse	1999	>1980	6,345	3	-
WAVRE						
Boulevard de l'Europe 41	Retail warehouse	2007	>1980	860	1	-
Rue du Commerce 26	High street shop	1998	<1950	242	1	-
Rue du Pont du Christ 46 / Rue Barbier 15	High street shop	1998	<1950	319	1	-
WILRIJK						
Boomsesteenweg 666-672	Retail warehouse	2000	>1980	4,884	4	-
Total property in operation Belgium				**112,239**	**154**	**7**

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m^2)	Number of tenants	Number of apartments

SPAIN

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m^2)	Number of tenants	Number of apartments
CASTELLÓN DE LA PLANA						
Calle Grecia 4	Retail warehouse	2001	2003	5109	1	-
LEON						
Avenida Ordoño II 18	High street shop	2001	< 1950	591	1	-
MADRID						
Calle de Fuencarral 23	Premium city high street shop	2006	< 1950	256	1	-
Calle de Fuencarral 25	Premium city high street shop	2006	< 1950	120	1	-
Calle Serrano 36	Premium city high street shop	1999	< 1950	615	1	-
Calle Tetuân 19 / Calle Carmen 3	Premium city high street shop	2002	< 1950	429	1	-
MÂLAGA						
Plaza de la Constitución 9	Premium city high street shop	2010	< 1950	279	1	-
Total property in operation Spain				**7,399**	**7**	**-**

PORTUGAL

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m^2)	Number of tenants	Number of apartments
BARCELOS						
Rua Porta Nova 41	High street shop	2002	< 1950	128	1	-
BRAGA						
Avenida Central 78-80	High street shop	2002	< 1950	471	1	-
LISBON						
Rua Damião de Góis 41-44d	High street shop	2002	< 1950	150	1	-
Rua do Carmo 100-102 / Rua do Ouro 287 and 291-295	High street shop	2002	< 1950	1,139	5	-
Rua Morais Soares 93	High street shop	2002	< 1950	257	1	-
PORTO						
Praça Marquês Pombal 152	High street shop	2002	< 1950	437	1	-
Praça Mouzinho de Alburquerque 119-124	High street shop	2002	< 1950	148	1	-
Rua de Brito Capelo 160	High street shop	2002	< 1950	164	1	-
Rua Santa Caterina 325-329	High street shop	2002	< 1950	529	1	-
Total property in operation Portugal				**3,423**	**13**	

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Letteble floor space (m²)	Number of tenants	Number of apartments
TURKEY						
ISTANBUL						
Abdi Ipekçi Caddesi 41	Premium city high street shop	2011	2013	1,975	1	-
Bahariye Caddesi 58	Premium city high street shop	2009	1985	400	1	-
Bahariye Caddesi 66/B	Premium city high street shop	2009	2005	195	1	-
Istasyon Caddesi 27	Premium city high street shop	2012	1983	2,000	1	-
Istiklal Caddesi 18	Premium city high street shop	2007	1980	1,170	1	-
Istiklal Caddesi 85	Premium city high street shop	2010	2013	3,300	1	-
Istiklal Caddesi 98	Premium city high street shop	2008	1920	530	1	-
Istiklal Caddesi 119	Premium city high street shop	2009	1950	495	1	-
Istiklal Caddesi 161/B	Premium city high street shop	2010	2013	3,010	1	-
Total property in operation Turkey				**13,075**	**9**	**-**
Total property in operation				**378,070**	**811**	**261**

[1] Land on long lease.
[2] All Belgian properties are held directly by Vastned Retail Belgium, in which Vastned has a 65.5% interest at year-end 2014.

NOTES TO THE PROPERTY PORTFOLIO IN OPERATION

- In the Netherlands virtually all leases have been concluded for a period of five years, whereby the lessee has one or more options to renew the lease for another five years. Rents are adjusted annually based on the cost-of-living index (CPI).
- In France, lease contracts are normally concluded for a period of at least nine years, whereby the tenant has the option of renewing or terminating the lease every three years. Depending on the lease conditions, rents are adjusted annually based on the construction cost index (CCI) or based on a mix of the construction cost index, the cost-of-living index and retail trade prices (ILC).
- In Belgium leases are normally concluded for a period of nine years, with an early termination option after three and six years. Rents are adjusted annually based on the cost-of-living index.
- In Spain leases are normally concluded for a minimum period of five years. Rents are adjusted annually based on the cost-of-living index.
- Vastned's leases in Portugal are subject to comparable rent legislation as in Spain. Virtually all Vastned's leases in Portugal have been agreed for a ten-year period.
- In Turkey, leases are normally concluded for a period of five years. All Vastned's leases in Turkey are denominated in euros and are increased based on contractual agreements.

APPRAISERS

- CBRE in Amsterdam, Brussels, Madrid, Paris
- Cushman & Wakefield in Amsterdam, Brussels, Lisbon, Madrid and Paris
- Crédit Foncier in Paris (residential property)
- Jones Lang Lasalle in Istanbul

OTHER PROPERTY

Country / City / Location	Type of property	Year of acquisition/ renovation	Lettable floor space (m²)	Book value (x € million)
PROPERTY UNDER RENOVATION				
FRANCE				
LILLE				
Rue Faidherbe 50	Premium city high street shop	2007	308	1.6
Rue Faidherbe 54	Premium city high street shop	2007	176	0.7
PROPERTY IN PIPELINE				
THE NETHERLANDS				
HOUTEN				
Achterom 1-5/Spoorhaag 130/134	Non-high street shop	2007	2,406	1.2

LIST OF ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
Code	The Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GDP	Gross Domestic Product
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Dutch Association of institutional property investors
REIT	Real Estate Investment Trust
SIIC	Société d'Investissements Immobiliers Cotées

DEFINITIONS

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

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

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

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

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

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

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

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

Estimated Market Rental Value (ERV)
The rental value estimated by external valuers for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straight-lining of lease incentives into account.

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

Gross yield
Theoretical annual rent expressed as a percentage of the market value of the property.

Indirect result
Consists of the value movements and the net result on disposal of property, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

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

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

Net Asset Value (NAV)
Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

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

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

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

Occupancy rate
100% less the vacancy rate.

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

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straight-lining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straight-lining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

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