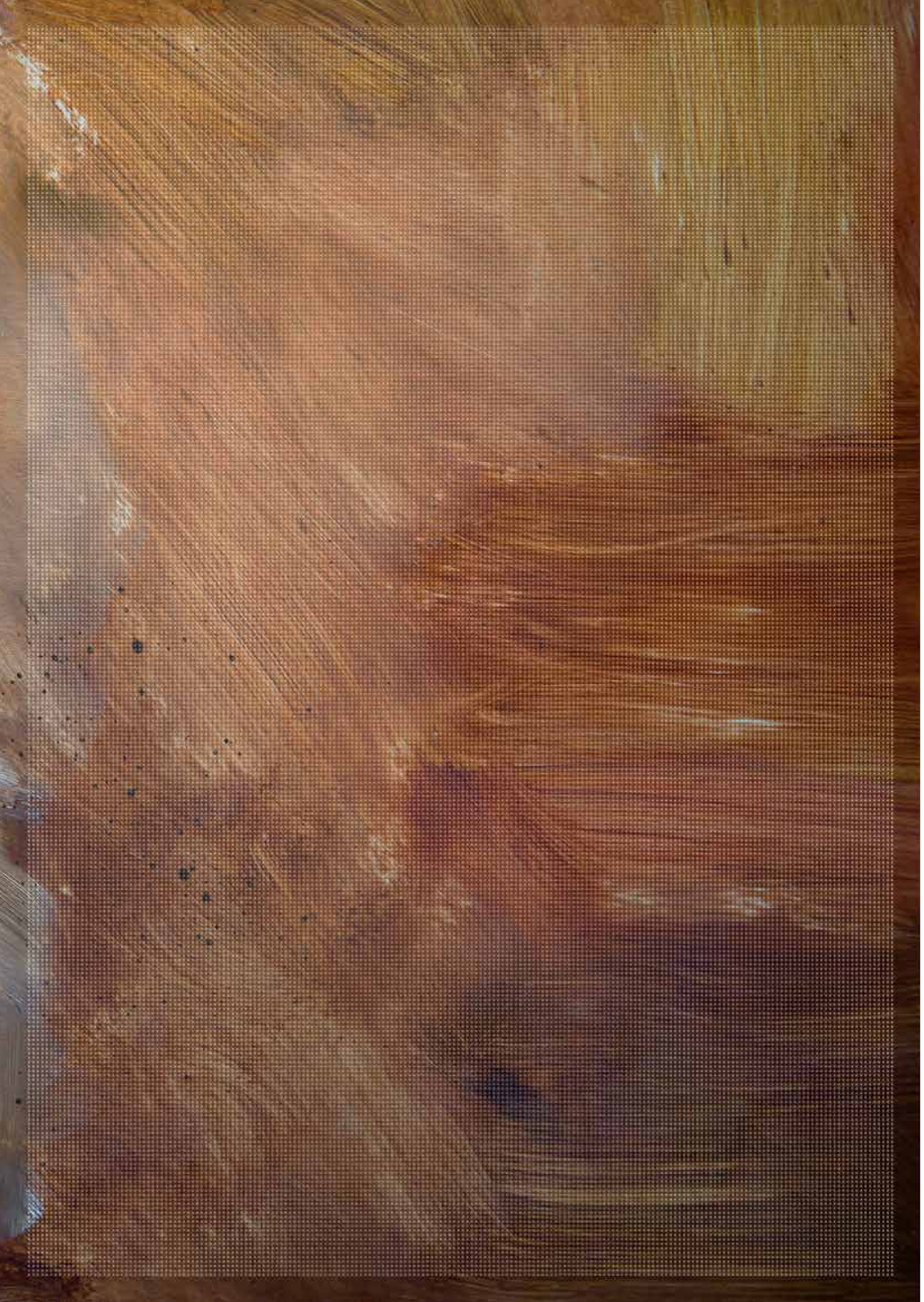
vastned
Venues for Premium Shopping

ANNUAL REPORT 2016



CONTENTS

VASTNED PROFILE

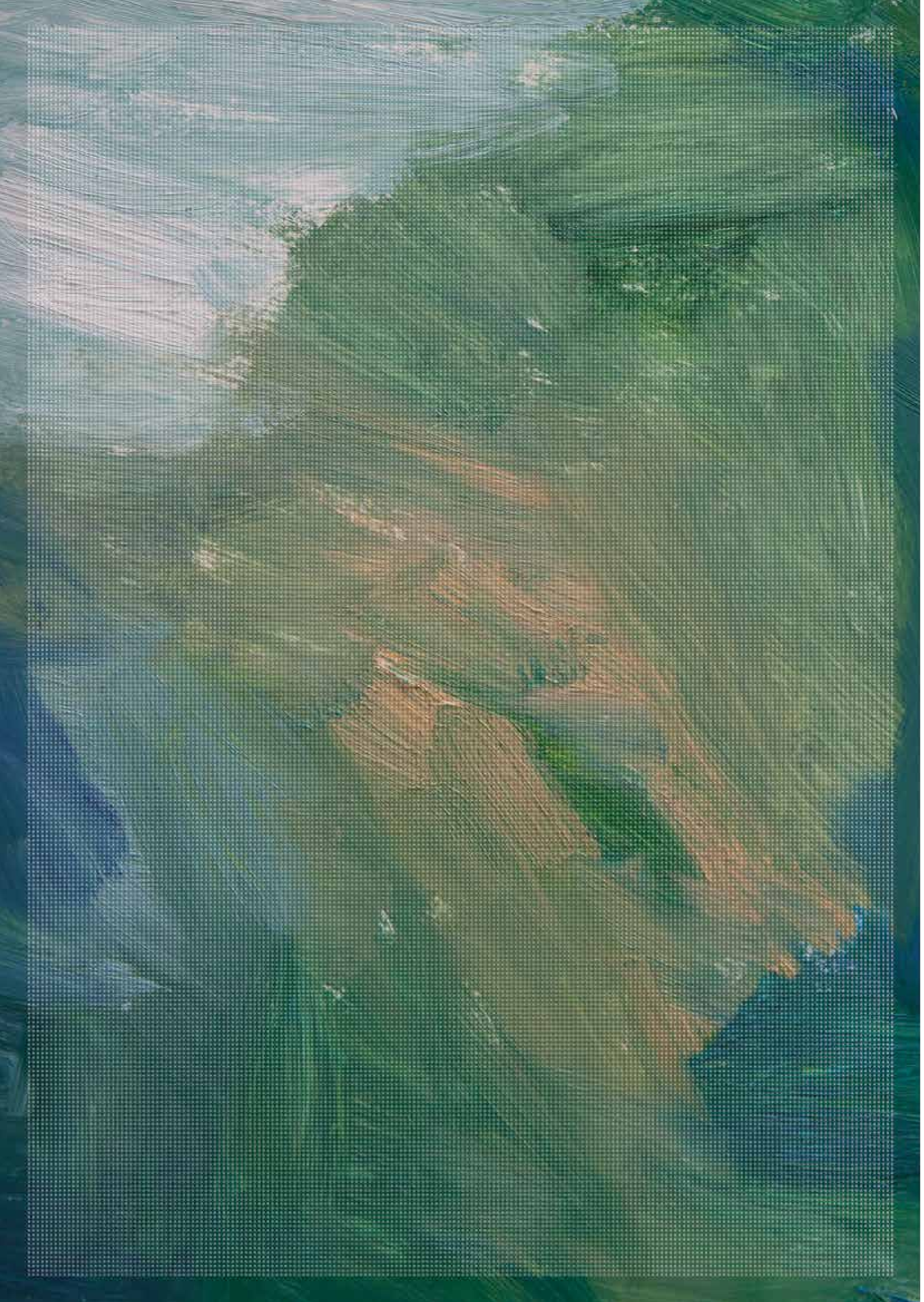
P.C. Hooftstraat 46-50, Amsterdam

Vastned is a European listed property company with focus on the best retail property on the popular high streets of bigger European cities with a historical inner city, also known as premium city high street shops. These are unique historical properties that offer retailers and consumers a special retail environment. By investing in old city centres and extending the life cycle of historical properties Vastned also contributes to the preservation of cultural heritage. In addition, Vastned also contributes to the liveability and safety of the various city centres by creating residential housing above retail units. This enables Vastned to create value with its strategy for its shareholders, retailers and residential tenants, local communities and visitors to the cities.

At year-end 2016, the value of the portfolio was € 1.6 billion and comprised 74% premium city high street shops. Vastned also owns retail property in shopping streets in smaller cities as well as Belgian baanwinkels and retail parks, a number of supermarkets and some parts of smaller shopping centres.

The company's team numbers 47 FTEs divided over five European cities. By means of close collaboration the strategy is carried out in a hands-on and pragmatic way, creating and actively managing a high-end quality portfolio.

Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of between 40% and 45%.



PREFACE

DEAR SHAREHOLDERS, TENANTS, COLLEAGUES AND OTHER RELATIONS,

First of all, I would like to thank you for the trust in our execution of the strategy. The steps we have made would not have been possible without my colleagues. Many thanks to you all.

2016 was marked by the further quality improvement of our portfolio. We acquired a number of unique locations in the best high streets of Amsterdam, Madrid, Paris and Utrecht expanding our clusters there. A good example is Le Marais in Paris, where we now own five beautiful high street shops. We have also made important progress on the divestment of non-strategic assets, especially in the Dutch portfolio. That was a key focus point in 2016. The 2016 results confirm once again that it is the premium city high street shops in particular that generate more stable and predictable results, which is an important objective of our strategy.

Quality improvement of the portfolio was also achieved by renovating prominent inner city properties such as Zonnestraat 6 in Gent, and by creating apartments. In this way we not only realised additional rental income, but also helped to improve the liveability of historical inner cities.

Organisationally, we also took major steps forward. Vastned Retail Belgium got dedicated management, which was previously shared with Intervest Offices and Warehouses, and we successfully moved the Dutch office from Rotterdam to Amsterdam.

OUTLOOK

Partly as a result of the acquisitions and divestments, our portfolio consists now for 74% of premium city high street shops. The market is picking up further, and both consumer confidence and consumer spending are rising. We expect especially retailers with shops in the best locations to profit from this. This reinforces our conviction to continue focusing exclusively on the best retail property in the popular high streets of the bigger European cities.

In 2016, Vastned sold more non-strategic and risky assets than it acquired strategic and less risky premium city high street shops. The relation between acquisitions and divestments in combination with the timing of them determines the forecast for the 2017 direct result to a high degree. Additionally we don't see the geopolitical, political and economic situation in Turkey improving, which will put pressure on market rents in Istanbul. In view of the above, we anticipate a direct result for 2017 of between € 2.10 and € 2.20 per share.

ART

I would like to say a few words about the theme of this annual report. The theme for last year's report was sports; this year we focus on art. Art and high street property have more in common than you would initially think. One of the key similarities is creativity. Art thrives on creativity in the broadest sense - and creativity can only blossom in freedom. When people feel free, this results in the most beautiful things, from painting and sculpture to music and architecture. A climate of freedom is a positive contribution to society as a whole and that also impacts the range of shops and the layout of shopping streets. In such a setting wonderful and surprising products and shops can emerge that are completely different, because people dare to explore their creative boundaries and want to get the best from themselves. And what would a city be without art and culture? Why are Madrid, Paris and Amsterdam such great places to go shopping? They have both top museums and a bustling cultural life. Such diversity yields synergy and contributes to the quality of a city in a broad range of ways.

Our purpose is clear: collecting pearls. In order to realise that, just like artists we adhere to old-fashioned standards: love and passion for the craft, know-how and an eye for quality. These are key skills for entrepreneurs too, especially at a time when there is no longer a single type of consumer. Clearly, plenty good reasons for choosing art as the theme for our 2016 annual report.

Amsterdam, 8 March 2017

Taco de Groot,
CEO Vastned Retail N.V.

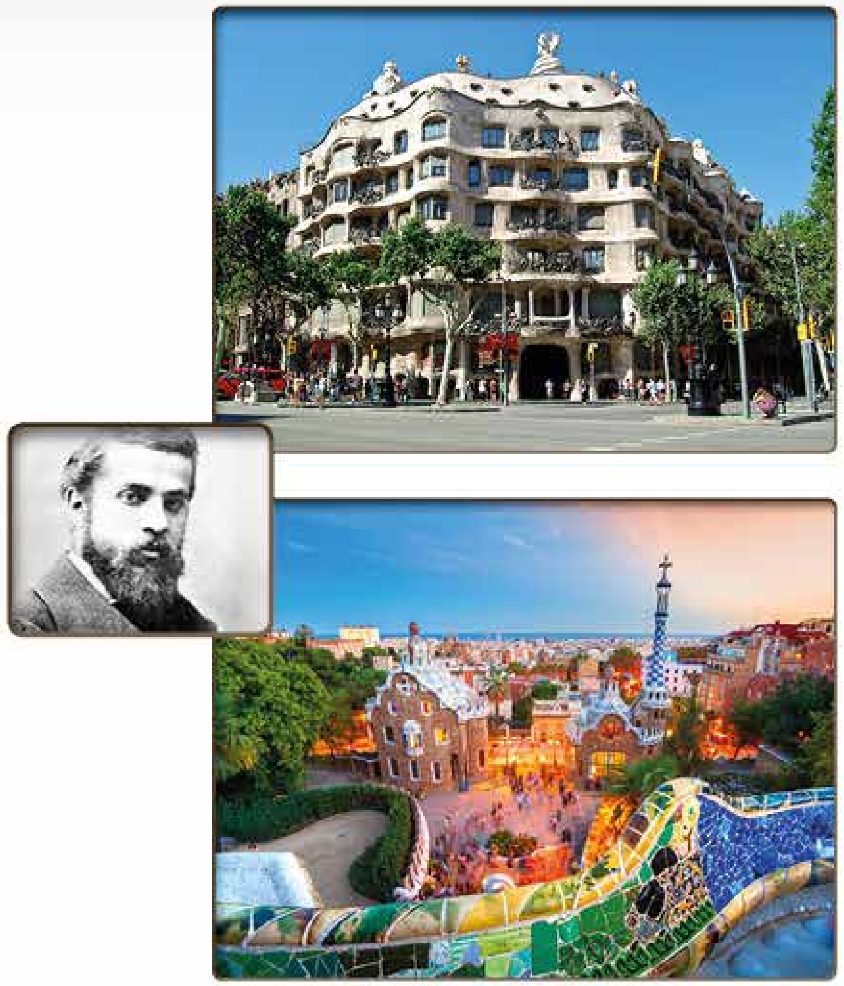
ART AS A CATALYST FOR TOURISM

To most people, Spain stands for sun, sea and football. But there is so much more to see in the country. Spanish art is like a magnet to tourists. Salvador Dalí, Pablo Picasso and Antoni Gaudí are the big attractions. Their lives and work are a catalyst for tourism.

The fairytale Park Güell, the famous painting Guernica: people come from all over the world to see them. Gaudí's Sagrada Familia is the indisputable number one of the most visited places and monuments in Spain. The Dalí museum in Figueres and the Picasso museum in Barcelona are in the top 15.

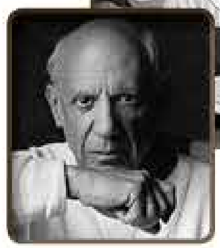
GAUDÍ

Barcelona would not be Barcelona without Gaudí's architecture. His designs are found across the city - in fact, you can take entire Gaudí city tours. The well-known Sagrada Familia cathedral is the absolute cracker. It has been under construction since 1882. Every time some money is found, more work is done, so tourists who come back regularly get a new sight every time. Gaudí's wondrous apartment complex Casa Mila with its undulating brickwork and multicoloured tiles is a leading tourist attraction, just as the Park Güell with its surprises around every corner.



▶ Antoni Gaudí and his Sagrada Familia, Casa Mila and Park Güell



▶ Pablo Picasso, Museo Picasso (Barcelona) and Picasso's masterpiece *Guernica*

PICASSO

Pablo Picasso is inextricably linked to Barcelona. He is considered the most influential artist of the 20th century. Barcelona is where Picasso set his first steps on the path of modern art. He studied here, had his first exhibitions here, and later got his own museum, which now draws in more than one million visitors every year. Picasso's most famous work is the Guernica, the painting he made for the 1937 World Fair in Paris. It depicts the pain and suffering of war, and was inspired by the bombing of the village Guernica. The painting became the national symbol of the horrors of the Spanish civil war. The Guernica was originally in the Prado in Madrid, but for some years now it has become the showpiece of the modern Reina Sofia museum, also in Madrid.

THE MOST VISITED MUSEUMS IN SPAIN

Sagrada Familia (Barcelona)	3.7 million
Museo Reina Sofia (Madrid)	3.2 million
Museo del Prado (Madrid)	2.6 million
La Casa Mila (Barcelona)	1.1 million
Teatro-museo Dalí (Figueres)	1.1 million
Museo Picasso (Barcelona)	1 million

DALÍ

Salvador Dalí, one of the best known surrealist artist in the world, is also among the greats. In the 1920s, Dalí met Pablo Picasso in Paris. While Picasso became famous for his cubist pieces, the flamboyant Dalí joined the surrealist movement, which depicts strange dream worlds. Just outside Barcelona, in the village of Figueres, is an impressive museum with his art works, where Dalí is also buried.

BOOST

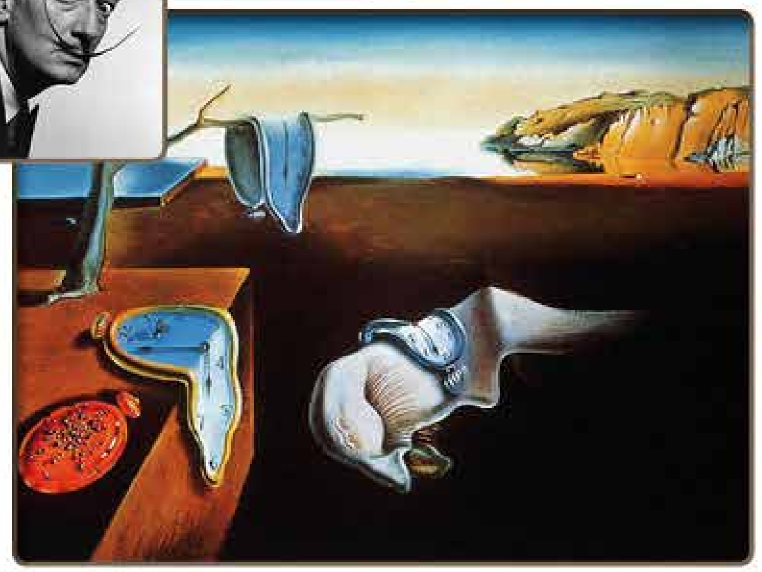
These art works are a huge boost to tourism in cities like Madrid and Barcelona, which hotels, restaurants and retail benefit from. In addition, creative minds are reinterpreting the cultural heritage. Examples of this are Gaudí apps for cultural walks through Barcelona, the Picasso app that helps you to unlock your own creativity, or colourful Dalí reproductions to liven up grey cellar doors. Clearly, the Spanish trio is still able to produce spin-offs.

BINDING FACTOR

Next to an economic force, the trio of artists also plays a key role in the social fabric of the country. Picasso, Gaudí and Dalí are a binding factor, an essential part of the Spanish identity. However different, they bring the people together and help shape Spanish culture. Pride in these artists forms a major part of the shared past of the Spanish people and fosters social cohesion.

But however important the social and economic role of art may be, the impact of these well-known artists can never be reduced to figures and statistics. As Einstein once said: 'Not everything that counts can be measured, and not everything that can be measured counts.' At the end of the day, the essence of art is that it touches you, and that is invaluable.




▶ Salvador Dalí, the Dalí Museum (Figueres) and the paintings *The Persistence of Memory* and *The Tiger*

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ABOUT VASTNED

MISSION

Vastned's mission is to invest in retail property in the most popular shopping streets of major European cities with historical inner cities: 'premium city high street shops', in order to realise more predictable and stable results in the long term and to contribute to the preservation of cultural heritage, and the liveability and safety of historical city centres of bigger European cities. The results that Vastned has realised on these premium city high street shops over the past few years confirm that the strategic choice for premium city high street shops is the right one. The occupancy rate of the premium city high street shops was 99.2% at year-end 2016, the value of the premium city high street shops rose by 1.2% in 2016 and the like-for-like rent growth of the premium city high street shops was 0.5% in 2016.

CORE VALUES

At Vastned the following core values are of great importance: proactiveness, operating sustainable, quality, entrepreneurship, result orientation and team spirit. By taking on board the tenants' views and thinking in sustainable solutions Vastned is able to add value. Taking adequate and swift action enables us to best serve our customers, the retailers, and optimise market opportunities in terms of acquisitions and divestments.

TRENDS AND MARKET DEVELOPMENTS

EUROPEAN RETAIL MARKET IN FLUX

The retail market in Europe is in a state of motion, due to a number of trends. First of all, the composition of society is changing. People are ageing and the group of elderly people is growing, as are single-person households, single parent families and households with blended families. This influences consumers' spending behaviour.

Also, fixed costs for subscriptions such as mobile phones, television, internet and online content are increasingly part of the fixed costs of living, and there is a trend towards going out for coffee, lunch and dinner in cafés and restaurants more often. At the same time, housing costs and the costs of care have risen while spending room has not. Furthermore, over the past decades the concept of 'shopping' has developed from a necessity into a recreational pastime. That means that the retail environment must be an attractive environment. For retailers, innovative technological developments, personnel, service and fit-out are very important, but even more important is the retail environment as a whole.

These developments in combination with the increasing degree to which consumers are making clever use of the combination of online and physical shopping is contributing to the fact that in general the demand for retail surface area has decreased and retailers have become more critical in selecting their retail locations. Retailers want their shops to be in locations that coincide with the preferences of their target group. This reveals a clear trend in the preference of retailers for fewer shops in top locations rather than many shops in less favourable locations.

For the retail property market this means further polarisation between well-known high streets and shopping cities and less popular retail locations and cities. On popular high streets there is upward pressure on rents, the values of retail property increase and occupancy rates are high. The opposite is true for the less popular retail locations and cities. Vastned expects these developments will continue and sees confirmation of its strategic choice for premium city high street shops, and will continue to focus on the bigger European historical inner cities with their wealth in terms of museums, restaurants, nightlife, art and culture.

IMPACT OF THE MONETARY POLICY OF THE EUROPEAN CENTRAL BANK (ECB)

The monetary easing of the Central Banks and especially the ECB's experimental government bond and corporate loan buying programme of € 80 billion per month have helped to bring down interest rates in Europe to record lows. At the lowest point, the interest rate on a ten-year German government bond was even negative. This resulted, amongst other things, in a search for returns, which increased demand for (retail) property, especially for high-quality property. This gave rise to value increases and lower yields for top locations. For Vastned, this meant that premium city high street shops increased in value, but also that competition for the acquisition of premium city high street shops rose and yields fell.

GEOPOLITICAL SITUATION IN TURKEY

6% of Vastned's portfolio consists of premium city high street shops in Istanbul, which are virtually fully let. In view of the geopolitical changes of the past few years, Vastned has stated since late 2014 that it is reviewing all its options for this portfolio, except that further expansion of the Istanbul portfolio is ruled out. After the terrorist attacks and the failed coup in 2016, tourism in Turkey and the Turkish lira fell substantially. Vastned is not expecting the situation to change in the short term, and will stick to its previously announced point of view.

VASTNED'S PLAYING FIELD

High street shops are unique because, in contrast to shopping centres and offices they may involve investment of anything from a hundred million to a few hundreds of thousands of euros. This makes them accessible and interesting for parties ranging from local players and family offices to big insurance companies, pension funds, private wealth funds and other fund managers. Among the bigger high street property owners in the countries where Vastned operates are AEW, ASR, Grosvenor, Redevco and Syntrus-Achmea. The ownership of high street property is fragmented and there are many private owners. Vastned is the only listed pan-European property company that invests in premium city high street shops in Europe.

The diversity of tenants is also considerable. Vastned has mom and dad stores as well as major international retail chains among its tenants. At the popular shopping locations high street shops tend to be leased by the bigger well-known chains.

SWOT ANALYSIS

STRENGTHS

- Vastned is the only listed pan-European property company focusing on premium city high street shops
- Low cost base and low investment costs
- Strong team of specialists in an effective and horizontal organisation
- Solid financial position with a conservative financing strategy

WEAKNESSES

- Part of the portfolio still in transition
- Available financing for making large acquisitions
- Relatively high costs of listing compared to size of portfolio

OPPORTUNITIES

- Continuing and increasing interest for top retail locations from retailers
- Low interest rates result in low financing costs
- Big interest from institutional investors for high-quality retail property

THREATS

- Geopolitical developments
- Bankruptcies of retail chains
- Falling supply and rising demand for premium city high street shops

STRATEGY

BUSINESS MODEL

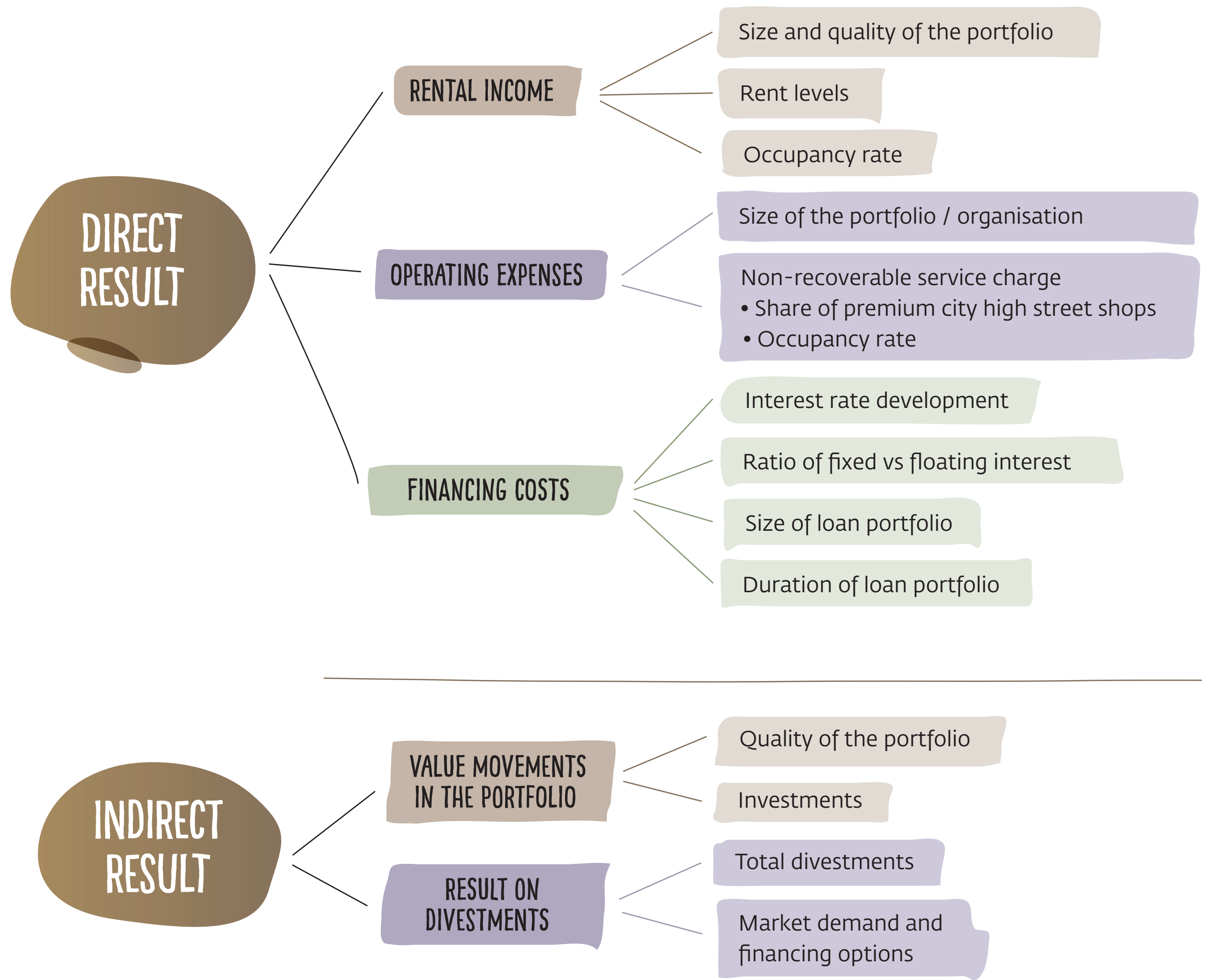
Vastned invests in the best retail property on popular high streets of a selected number of bigger cities in Europe that have a historical inner city, because Vastned expects demand from retailers for retail space on the popular high streets to remain high, ensuring that Vastned will generate more stable and predictable results. With her strategy Vastned is responding to the trends and developments in the retail market and creates value as such. Our primary source of revenue is letting these high street shops.

One of the differences between premium city high street shops and shopping centres, retail warehouses and retail parks is the longer lifespan of these properties. A large part of the premium city high street shops in the portfolio is over 100 years old. In view of the nature of premium city high street shops, these properties are not exposed to temporary trends of construction or layout (Vastned leases are on a shell and core basis) that might cause them to go out of fashion. In many cases the building style is timeless and as a result investments remain limited and the use of embedded energy is minimised.

Letting of high street shops on a shell and core basis also means that there are virtually no common areas that Vastned is responsible for. As a result, the operating expenses of high street shops are relatively low compared to shopping centres.

Vastned's result consists of the direct and the indirect result. The direct result mainly consists of rental income from retail units and the costs associated with them. Financing costs are also part of the direct result. The indirect result is mostly determined by the value movements in the portfolio and the result on disposals and any value decreases of financial derivatives.

Key parameters for the rental income are the occupancy rate and the rent levels, which are dependent to a large extent on the location of the high street shops and active asset management. Our results over the past few years show that the better the location, the higher the occupancy rate and the rental income, and the more stable the property values.



STRATEGY

Vastned's strategy is built on three pillars:

1. PORTFOLIO

At year-end 2016, 74% of Vastned's portfolio was made up of premium high street shops. The focus is on expanding the clusters in the European cities where the company is already active. Vastned will work towards this goal pragmatically, without setting targets per city. The quality and the potential of the premium city high street shop are decisive, not growth as such. Vastned will divest high street shops and non-high street shops that no longer contribute to the long-term generation of stable and predictable results. The proceeds of the divestments are used to acquire premium city high street shops in order to raise the share of premium city high street shops in the portfolio.

Merely confirmation of the strategy is in itself not enough reason to make an acquisition or divestment. There must be potential to add value in the middle to long term. For example, the possibly of joining two adjacent retail units together, or by creating apartments above the shops.

It is important to make optimum use of opportunities to add value, not only in acquisitions, but also in the present portfolio.

There will remain room in the portfolio (25%) for good quality high street shops and non-high street shops, such as the Belgian baanwinkels, supermarkets in favourable locations and high street shops in the best high streets of medium-sized cities. However, Vastned will not expand this part of the portfolio. Acquisitions will only be made in the historical city centres of selected premium cities.

2. ORGANISATION

The high street property market is dominated by private ownership. Further expansion and active management of a premium city high street shop portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable. Active asset management ensures optimum letting of the portfolio. Employees are encouraged to creatively look for opportunities and solutions off the beaten track. For its tenants, Vastned is an organisation that speaks their language, is flexible and acts effectively. Vastned offers its employees the opportunity to be part of a compact, ambitious team.

3. FINANCING

A conservative financing strategy is necessary to realise more predictable and stable results. This is why Vastned aims to keep the loan-to-value between 40% and 45% and to keep its sources of financing diverse, whereby the share of non-bank financing is to comprise of at least 25% of the total loan portfolio. With regard to the interest rate risk, the company intends for two thirds of the loan portfolio to have a fixed interest rate.

VALUE CREATION

Investing in and extending the life cycle of the premium city high street shops adds rental income and value for shareholders. It also contributes to the preservation of cultural heritage and the liveability and safety of historical inner-cities. A well-maintained inner-city with historical buildings enhances consumers' retail experience, attracts tourists and ensures a (greater) sense of safety for the people living there.

VALUE CREATION MODEL

INPUTS

FINANCIAL CAPITAL

• Number of shares in issue	19,036,646
• Equity	€ 891 million
• Loan capital	€ 674 million

MANUFACTURED CAPITAL

- Premium city high street shops: (74%)
  the best retail properties in popular high streets in selected cities in Europe
- High street shops: (15%)
  retail property in high streets in smaller and medium-sized cities
- Non-high street shops: (11%)
  other retail property, such as shopping centres, retail parks and supermarkets
- 341 retail units
- 214 apartments

INTELLECTUAL CAPITAL

Employees are encouraged to regularly freshen up their knowledge and take relevant training. In addition, Vastned is strongly focused on internal procedures and training aimed inter alia at keeping knowledge of laws and regulations up to date.

HUMAN CAPITAL

• Amsterdam, the Netherlands	
– Management	13
– Country team	14
• Paris, France	11
• Antwerp, Belgium	8
• Madrid, Spain	1
• Istanbul, Turkey	2
Average number of FTEs	49

SOCIAL CAPITAL

- Continuous dialogue with stakeholders, customers, employees and society (Present Amsterdam)
- 395 tenants in total in the Netherlands, 95 in France, 129 in Belgium, 8 in Spain, 9 in Turkey

NATURAL CAPITAL

- Investment to incite retailers to reduce their energy consumption and implement energy-saving measures, such as:
- FSC timber
- Recycled paper
- Wind energy
- Green clause

OUR AMBITION

Vastned's ambition is focused on generating more stable and predictable long-term results, inter alia by raising the quality of the portfolio, also in terms of sustainability and energy performance. As part of our ambition, Vastned contributes to the liveability and preservation of the cultural heritage of historic city centres.

OUR PRIMARY TASK

Vastned's mission is to invest in and let retail property in popular high streets of major European cities with historic city centres: 'Premium city high street shops'.

STRATEGY

Vastned aims to add value for its shareholders, tenants and staff, as well as for local communities and visitors to European historic city centres. The strategy is focused on more stable and predictable long-term results and preservation of cultural heritage in city centres.

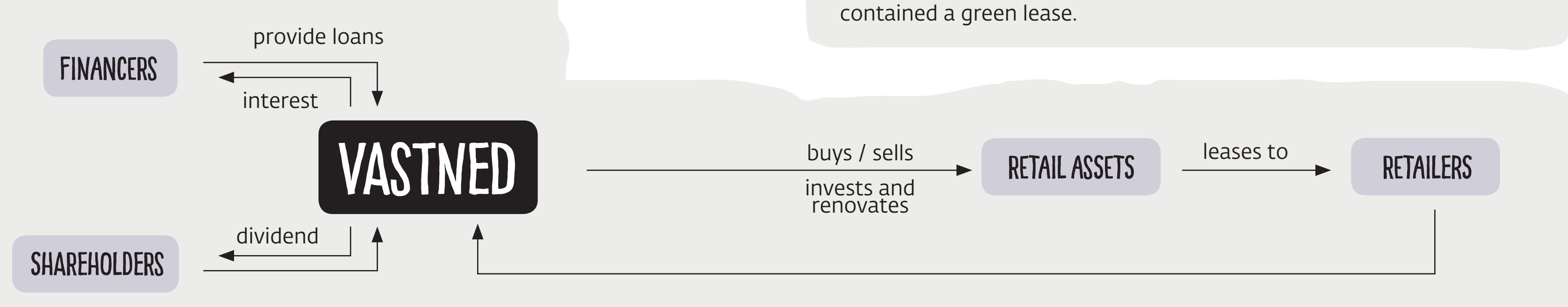
STRATEGIC OBJECTIVES

- Quality
- Sustainable actions
- Proactivity
- Entrepreneurship
- Results orientation
- Team spirit

BUSINESS OBJECTIVES

1. Raising the quality of the portfolio and the organisation
2. Reducing environmental impact
3. Promoting the health and well-being of employees
4. Contributing to society

CORE ACTIVITY AND PROCESS



OUTPUTS

FINANCIAL CAPITAL

- Gross rental income € 89.5 million
- Direct result € 46.1 million
- € 2.05 dividend per share (€ 39.0 million in total)

MANUFACTURED CAPITAL

- 9 apartments created or renovated
- Renovation of 2 premium city high street shops

INTELLECTUAL CAPITAL

Focused education and training have improved employees' ability to create value for Vastned and its stakeholders. The country teams are continuously sharing information they have gained. This occurs partly informally, but also in formal meetings, which take place three times a year. Also, 20 of the 47 employees have participated in training courses or training sessions.

HUMAN CAPITAL

- Supervisory Board 50% female, Executive Board 0% female (Executive Board comprises two members)
- Vastned is investing in training, health and social involvement of its employees. In addition, the office in the Netherlands provides employees with a healthy lunch, has purchased five bicycles for employees to use and pays half of employees' gym memberships.

SOCIAL CAPITAL

- New relations/tenants
- Contributions to society: Residential space above shops and Vastned as a learning environment
- In 2016, 50% of employees used the possibility of taking one extra day off to do volunteer work.
- Vastned contributes to a safe environment by helping to create well-maintained city centres.

NATURAL CAPITAL

- 67% of the properties have an Energy Performance Certificate (EPC).
- 41% of the EPC labels have a score between A++ and C.
- 100% of the CO_2 emissions of all Vastned offices are offset in collaboration with the Climate Neutral Group by purchasing CO_2 credits based on the Gold Standard with the aim of supporting projects that reduce CO_2 emissions and benefits local poulation.
- Since 2016, all common areas in the Dutch portfolio for which Vastned itself concludes energy contracts are supplied with electricity generated from Dutch wind turbines and green gas.
- 77% of the concluded leases in 2016 on premium city high street shops contained a green lease.

OUTCOMES

FINANCIAL CAPITAL

Through salaries, payment of taxes and investments Vastned contributes to prosperity in the Netherlands, France, Belgium, Spain and Turkey.

MANUFACTURED CAPITAL

Through renovations and refurbishments, Vastned contributes to the liveability and safety of city centres and the preservation of cultural heritage.

INTELLECTUAL CAPITAL

Vastned invests in training, education and innovative sustainable solutions in order to remain able to stay ahead of the latest developments in relation to its core activities in the long term.

HUMAN CAPITAL

By investing in its employees Vastned aims to keep them motivated, which contributes to the company's effectiveness and promotes employees' health.

SOCIAL CAPITAL

By creating residential space above shops in city centres and collaborating with the local community Vastned contributes to the liveability and public safety in city centres. By investing in premium city high street shops Vastned contributes to the preservation of cultural heritage.

NATURAL CAPITAL

- By supplying all common areas in the Dutch portfolio with green energy Vastned contributes to the reduction of CO_2 emissions.
- By raising the number of properties with an EPC label Vastned contributes to the realisation of the Paris Climate Agreement

OBJECTIVES

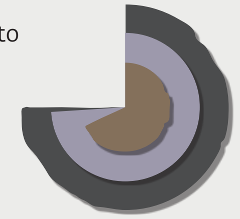
In 2014, Vastned updated its strategy with a focus on growth of the share of premium city high street shops. In this update, the following objectives were formulated, including progress. In 2015, objectives in the area of sustainability were added.

REALISATION OF 2016 OBJECTIVES

1. PORTFOLIO

OBJECTIVE: Growth of share of premium city high street shops to 74% of the total portfolio

TARGET: 75%
YEAR-END 2016: 74%
YEAR-END 2015: 68%



OBJECTIVE: Number of properties with an EPC (Energy Performance Certificate) to rise to 65% at end of 2016

REALISATION
YEAR-END 2016:
67%

OBJECTIVE: Raising the number of annually concluded leases for premium city high street shops with a green clause to two thirds.

REALISATION YEAR-END 2016 : 77%

2. ORGANISATION

OBJECTIVES:

Raising the quality of the organisation is a constant point of attention

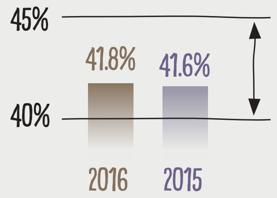
Reducing environmental impact

Promoting the health and well-being of the employees

Contributing to society

3. FINANCING

OBJECTIVE:
Loan-to-value ratio between 40% and 45%

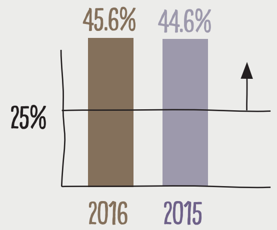


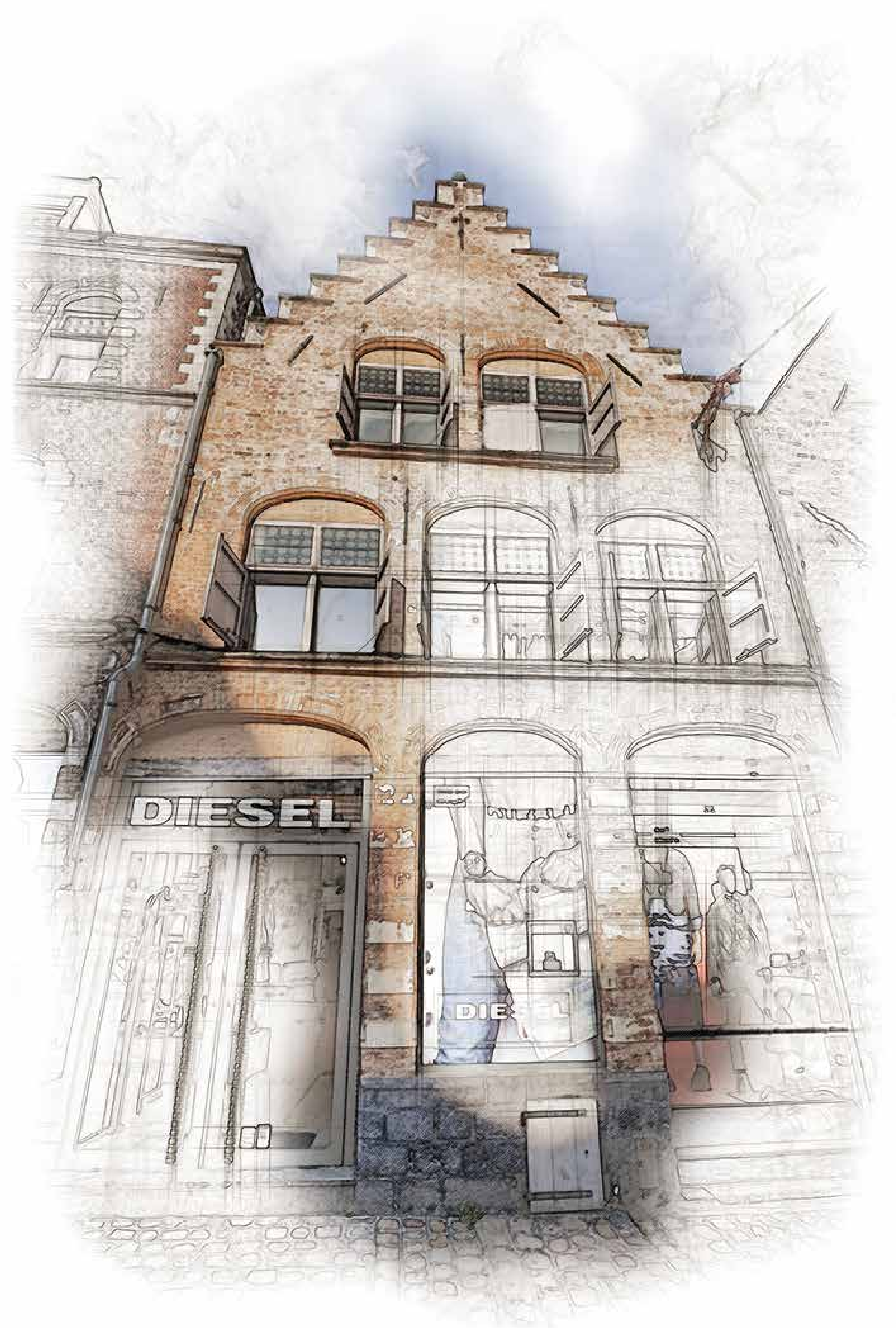
OBJECTIVE: Ratio of loans with fixed vs floating interest rate 2/3 to 1/3

2016: 79.8% - 21.2%

2015: 66.5% - 34.5%

OBJECTIVE:
Share of non-bank financing at least 25%





COMPOSITION OF THE MANAGEMENT TEAM

MR TACO T.J. DE GROOT MRE MRICS
1963 / M
Chairman of Management Team, CEO and Statutory Director

- **NATIONALITY:** Dutch
- **APPOINTED:** 2011, 2015 (current term ends 2019)
- **COMMITTEES:** CSR Taskforce
- **OTHER POSITIONS:** co-CEO Vastned Retail Belgium N.V. and member of the Board of Directors of Vastned Retail Belgium N.V., Dutch Society for the Protection of Animals (SB)
- **RELEVANT EXPERIENCE:** MSeven LLP Real Estate & Fund Management (partner), GPT Halverton LLP (CIO), Habion (SB), Cortona Holdings (CEO), DTZ Zadelhoff
- **VASTNED SHARES:** 54,051

MR REINIER WALTA MSRE
1974 / M
Member of Management Team, CFO and Statutory Director

- **NATIONALITY:** Dutch
- **APPOINTED:** 2014 (current term ends 2018)
- **COMMITTEES:** -
- **OTHER POSITIONS:** CFO Vastned Retail Belgium N.V. and member of the Board of Directors of Vastned Retail Belgium N.V.
- **RELEVANT EXPERIENCE:** ADIA (Senior Transaction Manager), ING Real Estate Investment Management (Director), ING Real Estate (Senior Tax Manager), PwC (property tax lawyer)
- **VASTNED SHARES:** 1,000

MR ARNAUD G. H. DU PONT
1966 / M
Member of Management Team, Managing Director Operations & Investments

- **NATIONALITY:** Dutch
- **CURRENT POSITTION:** 1 November 2012
- **COMMITTEES:** CSR Taskforce
- **OTHER POSITIONS:** -
- **RELEVANT EXPERIENCE:** Vastned (General Counsel, Investor Relations Manager), BDO and PwC (property tax lawyer)
- **VASTNED SHARES:** 2,200

MR MARC C. MAGRIJN LL.M.
1980 / M
Member of Management Team, General Counsel & Tax Manager

- **NATIONALITY:** Dutch
- **CURRENT POSITTION:** 1 January 2012
- **COMMITTEES:** -
- **OTHER POSITIONS:** -
- **RELEVANT EXPERIENCE:** Property tax lawyer with Deloitte and E&Y
- **VASTNED SHARES:** 70

MS ANNEKE HOIJTINK MSC.
1980 / F
Member of Management Team, Investor Relations Manager

- **NATIONALITY:** Dutch
- **CURRENT POSITTION:** 1 November 2012
- **COMMITTEES:** CSR Taskforce
- **OTHER POSITIONS:** Chair of Dutch Association for Investor Relations
- **RELEVANT EXPERIENCE:** BinckBank (Manager Investor Relations), Eureko (Investor Relations Officer)
- **VASTNED SHARES:** 30

MS PEGGY G. DERAEDT
1970 / F
Member of Management Team, Company Lawyer

- **NATIONALITY:** Belgian
- **CURRENT POSITTION:** 1 April 2004
- **COMMITTEES:** -
- **OTHER POSITIONS:** Member of the Board of Directors Vastned Retail Belgium N.V.
- **RELEVANT EXPERIENCE:** lawyer with NautaDutilh
- **VASTNED SHARES:** 66

COMPOSITION OF THE SUPERVISORY BOARD

MR MARC C. VAN GELDER 1961 / M
Chairman of the Supervisory Board

- **NATIONALITY:** Dutch
- **APPOINTED:** 2015 (current term ends 2019)
- **COMMITTEES:** Remuneration and nomination committee
- **PRESENT POSITIONS:** Action (SB), Maxeda (SB), JP Morgan European smaller companies trust plc (SB), Diabetes Fonds (SB, chairman), Helen Dowling Instituut (BoT), Paleis Het Loo (BoT)
- **RELEVANT EXPERIENCE:** Mediq (CEO), OPG Groep (EB), Peapod (CEO), Ahold, McKinsey, Drexel Burnham Lambert, MIP Venture Capital Fund, GIMV (SB)
- **VASTNED SHARES:** 3,100

MR JEROEN B.J.M. HUNFELD 1950 / M
Vice-chairman of the Supervisory Board

- **NATIONALITY:** Dutch
- **APPOINTED:** 2007, 2011, 2015 (current term ends 2019)
- **COMMITTEES:** Audit and compliance committee
- **PRESENT POSITIONS:** Vroegop en Ruhe (SB), Faber Vlaggen (SB)
- **RELEVANT EXPERIENCE:** BBDO The Netherlands (CEO), Koninklijke Vendex KBB (COO), Ahold, Albert Heijn
- **VASTNED SHARES:** 1,400

MS MARIEKE BAX LL.M., MBA 1961/ F
Chair of the remuneration and nomination committee

- **NATIONALITY:** Dutch
- **APPOINTED:** 2012, 2016 (current term ends 2020)
- **COMMITTEES:** Remuneration and nomination committee (chair)
- **PRESENT POSITIONS:** EESA Euroclear (NED), Vion Food Group (SB), Credit Lyonnais Securities Asia (BoD), member of Board of Governors of Governance University, Professional Boards Forum (adviser to the Board), Fonds Podiumkunsten (SB), Frans Hals Museum (SB)
- **RELEVANT EXPERIENCE:** KPMG The Netherlands (adviser to the Board), Founder of 'Talent to the Top', ASR Verzekeringen (SB), Gooseberry Amsterdam (MP), Hot-Orange Amsterdam (CFO), Sara Lee (Head of M&A & Strategy Europe), Linklaters & Paines London, Securities and Investments Board London
- **VASTNED SHARES:** none

MS CHARLOTTE M. INSINGER MBA 1965 / F
Chair of the audit and compliance committee

- **NATIONALITY:** Dutch
- **APPOINTED:** 2015 (current term ends 2019)
- **COMMITTEES:** Audit and compliance committee (Chair)
- **PRESENT POSITIONS:** Delta (SB), Volksbank (SB), Lucht Verkeersleiding The Netherlands (SB), Stichting The Netherlandss Filmfonds (SB), Hogeschool Rotterdam (SB)
- **RELEVANT EXPERIENCE:** Erasmus Medisch Centrum (CFO), Shell, Robeco, Vesteda Residential Fund (SB)
- **VASTNED SHARES:** none

FIVE QUESTIONS TO

GEORGE DE DECKER

BELGIAN MUSICIAN AND VISUAL ARTIST

What is the importance of art for cities?
'More and more people live in cities. The experience of art in cities is completely different from the past, when bronze heroes were sat on horseback, preferably in military uniform. Art in a city should expand the minds of the passers-by, surprise them and get them thinking. It can raise people's awareness, lend them insight into each other's world, animate them, shock them, put them in touch with their feelings and even help them relax. Art should also create connections between different communities. Art and culture are an ideal means to promote cultural change because they provide additional "oxygen" to a city.'

How can visual art improve the attractiveness of a city?
'City centres can be both a stage and a public space. Art gives meaning to time and space and can therefore act as a meeting point. An artwork can also be an icon to a city. Investment in culture reaps generous rewards. The more interesting the city's art is, the higher its experience value. And that does not only go for visual art. Audio art through a smartphone or GPS can allow people to experience a city in a completely different way: as a "sound experience" that reveals a city's hidden layers.'

How can art strengthen a shopping area?
'In shopping areas art takes on different connotations. It has to create a comprehensive experience. That is to say, it should not be an isolated work of art, but an integrated whole. That can only be achieved when artists work together with designers and architects.'

What do you personally see as inspiring examples of art in the public domain?
'Street art can and should have a place in a city, for my money. Especially because it is often a direct reaction or accusation. Recently, huge wall paintings have appeared in Brussels that often show gruesome images. They are meant to set you thinking.

The key issue for art in a city is that it should provide added value. Scattered, isolated images do not do this. They have to tell a story. Personally, I love light art, which in recent years has come to define the cityscape at night.'

Which city is a source of inspiration to you, and why?
'I find Rotterdam fascinating. Not just in terms of architecture, but also because it pays a great deal of attention to the many (big) sculptures in the streets. I do feel, though, that many of them lack sufficient connection to the place or the city.

They tend to lack the power of for example Zadkine's *The Destroyed City*. Fortunately, more and more cities are placing sculptures in shopping streets and on roundabouts with good intentions. But the reason why those works are there is often unclear. Perhaps they should hire a curator? Art is too important to take it for granted. It would be fruitful to sit down together and discuss the function of an artwork in a particular place, because that allows you to increase the expressiveness of art in a city.'

2

2016 KEY FIGURES

FINANCIAL KEY FIGURES

RESULTS (IN € MILLION)	2016	2015	2014	2013	2012
Gross rental income	89.5	93.2	96.4	123.2	133.5
Direct result	46.1	49.2	46.5	54.2	62.5
Indirect result	(19.7)	16.3	(14.8)	(145.4)	(103.5)
Result	26.4	65.5	31.7	(91.2)	(41.0)
BALANCE SHEET (IN € 1,000)					
Properties	1,614.8	1,647.9	1,538.8	1,694.4	1,981.0
Equity	891.5	901.0	866.0	866.2	1,018.4
Equity Vastned Retail shareholders	804.4	816.6	782.2	784.9	899.7
Long-term liabilities	636.9	692.1	641.8	580.9	753.0
Average number of shares in issue	19,036,646	19,036,646	19,036,646	19,036,646	18,876,591
Number of shares in issue (at year-end)	19,036,646	19,036,646	19,036,646	19,036,646	19,036,646
PER SHARE (IN €)					
Equity Vastned Retail shareholders at the beginning of the year (incl dividend)	42.90	41.09	41.23	47.03	53.66
Final dividend previous financial year	(1.31)	(1.27)	(1.63)	(1.54)	(2.52)
Equity Vastned Retail shareholders at the beginning of the year (excl dividend)	41.59	39.82	39.60	45.49	51.14
Direct result	2.42	2.58	2.44	2.85	3.31
Indirect result	(1.03)	0.86	(0.77)	(7.64)	(5.48)
Result	1.39	3.44	1.67	(4.79)	(2.17)
Other movements	0.01	0.38	0.55	1.45	(0.70)
Interim dividend	(0.73)	(0.74)	(0.73)	(0.92)	(1.01)
Equity Vastned Retail shareholders at year-end (incl end dividend)	42.26	42.90	41.09	41.23	47.26
EPRA NNNAV	41.68	42.31	40.42	41.17	47.70
Share price (at year-end)	36.86	42.35	37.45	32.99	32.75
Dividend in cash	2.05 [1]	2.05	2.00	2.55	2.55
Solvency ratio (in %)	56.1	56.0	56.5	51.5	51.5
Loan-to-value ratio (in %)	41.8	41.6	40.3	44.6	43.9

1) Subject to approval of the Annual General Meeting of shareholders

KEY FIGURES PROPERTY PORTFOLIO

	PREMIUM CITY HIGH STREET SHOPS	HIGH STREET SHOPS	NON-HIGH STREET SHOPS	TOTAL
Number of tenants [1]	235	207	194	636
Theoretical gross rental income (in € million)	56.5	17.2	15.8	89.5
Market rent (in € million)	59.6	16.2	14.3	90.1
(Over-)/underrent (in %)	5.4	(6.4)	(10.4)	0.6
Average occupancy rate (%)	98.4	92.1	94.4	96.2
Occupancy rate at year-end (in %)	99.2	94.5	93.8	97.3
Number of properties	178	123	40	341
Property (in € million)	1,200	236	179	1,615
Property (in %)	74	15	11	100
Average size property (in € million)	6.7	1.9	4.5	4.7
Lettable floor area (in 1,000 sqm)	99.8	77.8	123.7	301.3
EPRA topped-up net initial yield (in %)	4.0	5.6	6.8	4.6
SECTOR SPREAD PER COUNTRY (IN %)				
Netherlands	66	21	13	100
France	91	9	-	100
Belgium	60	15	25	100
Spain	96	4	-	100
Turkey	100	-	-	100
Total	74	15	11	100
AVERAGE RENT PER SQM (IN €)				
Netherlands	532	189	146	255
France	711	396	99	497
Belgium	399	324	114	217
Spain	1,151	294	-	997
Turkey	651	-	-	651
Total	567	221	127	297
OCCUPANCY RATE AT YEAR-END 2016 (IN %)				
Netherlands	99.0	92.7	92.4	95.8
France	98.9	97.1	85.4	97.9
Belgium	99.2	98.7	97.1	98.5
Spain	100.0	100.0	-	100.0
Turkey	99.6	-	-	99.6
Total	99.2	94.5	93.8	97.3

1) Excluding apartments and parking places

2016 KEY EVENTS

7 JANUARY
Vastned divests non-strategic assets in the Netherlands for € 15 million

18 FEBRUARY
Forecast for 2016 direct result € 2.30 - € 2.40 per share

15 MARCH
Vastned expands in Paris and Utrecht with acquisitions for € 23 million

1 AUGUST
Vastned Retail Belgium gets dedicated management

2 AUGUST
In the first half year, Vastned concluded leases with distinctive retailers among which Adidas Originals, Birkenstock, Cruijff Classics, Love Stories, Repeat Cashmere and Starbucks

18 OCTOBER
Vastned divests non-strategic assets in the Netherlands for € 65 million

&

Vastned acquires premium city high street shops in Paris and Amsterdam for € 18 million

1 NOVEMBER
Share of premium city high street shops rises to 73%

&

Forecast for 2015 direct result at the high end of the previously announced range of € 2.30 - € 2.40 per share

&

Dividend proposal for 2016 confirmed at € 2.05 per share

20 DECEMBER
Vastned acquires premium city high street shops in Paris and Madrid for € 34 million and divests the entire Portuguese portfolio for € 11 million

3

SHAREHOLDER INFORMATION

INFORMATION ON THE VASTNED SHARE

ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

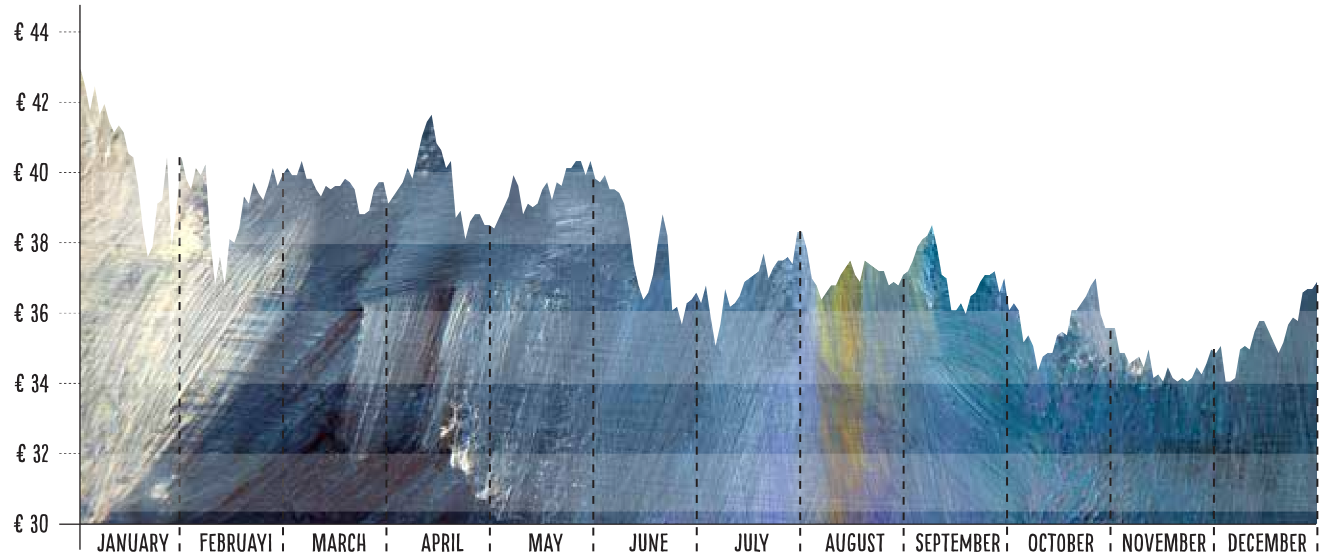
Shares in Vastned Retail N.V. (Vastned) are listed on Euronext Amsterdam since 9 November 1987 and are included in the Amsterdam Midkap Index (AMX) as of 3 March 2008. Its market capitalisation was € 702 million at year-end 2016. The average daily trading volume in 2016 was € 1.1 million, or 31,000 shares. Vastned employs Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

KEY DATA PER SHARE

	2016	2015	2014	2013	2012
Direct result	€ 2.42	€ 2.58	€ 2.44	€ 2.85	€ 3.31
Indirect result	€ (1.03)	€ 0.86	€ (0.77)	€ (7.64)	€ (5.48)
Dividend per share	€ 2.05 1)	€ 2.05	€ 2.00	€ 2.55	€ 2.55
Net asset value	€ 42.26	€ 42.90	€ 41.09	€ 41.23	€ 47.26
Year-end closing price Vastned share	€ 36.86	€ 42.35	€ 37.45	€ 32.99	€ 32.75
Market capitalisation at year-end (€ millions)	702	806	713	628	623

1) Subject to approval from the Annual General Meeting of shareholders

VASTNED SHARE PRICE



2016 SHAREHOLDER RETURN

Vastned's 2016 opening price was € 42.35. Over the year it ranged between € 33.90 and € 42.595, and closed the year at € 36.86. Vastned distributed a final dividend of € 1.31 per share for 2015 and an interim dividend for 2016 of € 0.73 per share, which took the total dividend yield (price movement and dividend payment) for 2016 to 8.1% negative, from 17.3% positive in 2015.

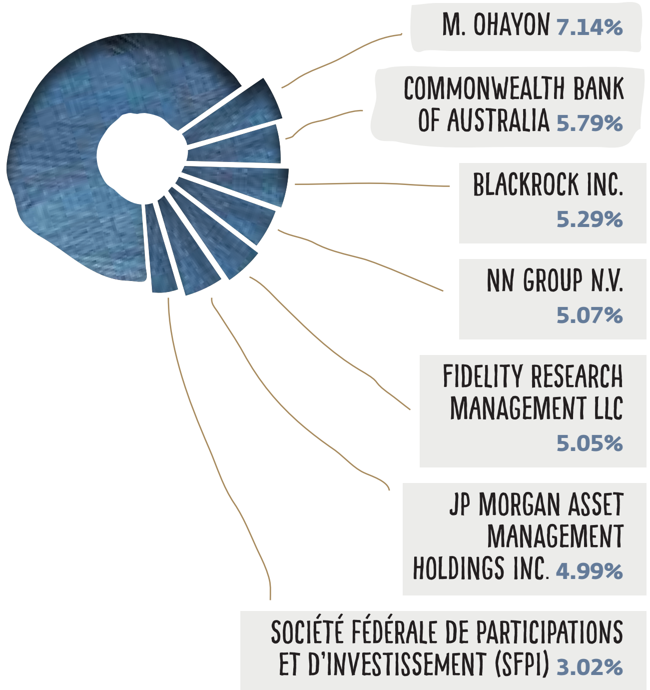
DIVIDEND

Following approval from the Annual General Meeting of shareholders, Vastned on 20 April 2016 paid out a final dividend for 2015 of € 1.31 per share. The total dividend for 2015 was € 2.05 per share. In line with Vastned's dividend policy of paying out 60% of the direct result for the first half year, an interim dividend of € 0.73 was paid out on 25 August 2016. Vastned proposes to the Annual General Meeting of shareholders to declare a dividend of € 2.05 per share for the full year 2016, unchanged from last year. This is equal to 85% 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 Vastned shares in issue at year-end 2016 was the same as at year-end 2015: 19,036,646. The share's nominal value is € 5. During the year no shares were issued and no share buyback schemes were effected.

The following parties are known to Vastned under the Disclosure of Major Holdings in Listed Companies Act (WMZ) as shareholders holding a capital interest of 3% or more of the shares in issue at year-end 2016:



The Executive Board and two members of the Supervisory Board hold interests in Vastned in order to emphasise their involvement with the company and their belief in the strategy.

SHARE OWNERSHIP EXECUTIVE BOARD AND SUPERVISORY BOARD

	Number of shares at year-end 2016
Taco de Groot (CEO)	54,051
Reinier Walta (CFO)	1,000
Marc van Gelder (Chairman of the Supervisory Board)	3,100
Jeroen Hunfeld (Vice-chairman of the Supervisory Board)	1,400

CONVERTIBLE BONDS

In 2014, Vastned placed € 110 million in convertible bonds with institutional investors that will mature on 10 April 2019. These bonds will be convertible into Vastned shares, subject to Vastned opting for payment in cash or partial or full transfer in shares. The bonds have an annual coupon of 1.875% and an initial conversion price of € 46.19. After the final dividend distributions for 2013, 2014 and 2015 and the interim dividend distributions in 2014, 2015 and 2016, the rights of the bondholders were adjusted. As of 4 August 2016, the conversion price was changed from € 44.16 to € 43.34. The bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange (ISIN code: XS1054643983).

INVESTOR RELATIONS

INFORMATION PROVISION

Vastned is committed to communicating 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, by participating in road shows and conferences, and through our website. On the date of publication of the half-yearly and annual figures, Vastned publishes its presentation to analysts on its website, where visitors can also watch a live webcast of the presentation.

Vastned pursues an active and constructive dialogue with current and potential shareholders. In this context, the CEO, CFO and the Investor Relations Manager regularly hold bilateral meetings with institutional and bigger private investors, whereby Vastned only discloses information that is not considered price-sensitive. Every year Vastned asks different analysts and investors for their opinion of Vastned's communication in a survey conducted anonymously by an external party. The full survey report is shared and discussed with the Supervisory Board.

The CEO, CFO and the Investor Relations Manager are closely involved in Vastned's Investor Relations. For specific events, such as property viewings, other colleagues are also brought in so as to provide the best service to (potential) shareholders.

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 Vastned's website. Periodic financial reports and other press releases are published in the same way. In contacts with the press, individual investors and analysts, only previously published information is commented upon. In the run-up to the publication of financial reports, Vastned does not hold analysts' meetings or have direct discussions with (potential) shareholders or the press.

ANNUAL REPORT

In its annual reports Vastned endeavours to present the clearest and most transparent possible account of its activities and the developments throughout the past year, and of its priorities for the year ahead. The annual report is also a key medium to explain the company's strategy and vision in detail. Vastned's 2015 annual report was awarded with the company's 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. Vastned is studying the possibility of also complying with EPRA's sustainability BPR.

SELL-SIDE ANALYSTS

Vastned is being followed by eight parties who closely monitor developments within Vastned and regularly publish reports on these developments. The reports of these sell-side analysts are not evaluated or corrected by Vastned, except for factual inaccuracies. Vastned also does not pay any fees to parties for preparing analysts' reports.

Banks	Recommendation	Target price
ABN AMRO	Buy	€ 43.00
Berenberg Bank	Buy	€ 42.00
DegroofPetercam	Buy	€ 49.00
Green Street Advisors	Buy	€ 40.83
HSBC	Hold	€ 38.00
ING	Buy	€ 41.00
JP Morgan	Overweight	€ 47.00
Kempen & Co.	Neutral	€ 37.40

The recommendations and share price targets are as at year-end 2016

CONTACT INFORMATION

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

Anneke Hoijtink
Investor Relations Manager
T: +31 20 2424368
M: +31 6 31637374
E: anneke.hoijtink@vastned.com
W: www.vastned.com

2017 FINANCIAL CALENDAR

ANNUAL GENERAL MEETING OF SHAREHOLDERS	20 APRIL
2016 EX-DIVIDEND DATE	24 APRIL
2016 RECORD DATE	25 APRIL
2016 DIVIDEND PAYMENT DATE	9 MAY
PUBLICATION Q1 2017 TRADING UPDATE	10 MAY
PUBLICATION 2017 HALF-YEAR RESULTS	2 AUGUST
2017 EX-INTERIM-DIVIDEND DATE	4 AUGUST
2017 RECORD DATE INTERIM-DIVIDEND	7 AUGUST
2017 PAYMENT DATE INTERIM-DIVIDEND	21 AUGUST
2017 PUBLICATION Q3 2017 TRADING UPDATE	1 NOVEMBER

VAN GOGH MUSEUM

‘SINGLE ARTIST’ TOP ATTRACTION

With over two million visitors a year the Van Gogh Museum is one of the most popular museums in the Netherlands. Many of these people combine such a cultural trip with a bit of shopping or a drink in a café. ‘Art and culture are a great boost to the economy of a city,’ says commercial director Adriaan Dönszelmann of the Van Gogh Museum.

Keeping people attracted to one single artist is an art in itself. But it is one that the Van Gogh Museum has down to a tee. ‘We don’t just want to show paintings, we want to tell Van Gogh’s story,’ Dönszelmann continues. ‘That’s what we do with the fixed collection as well as with temporary exhibitions. And we also travel around the world with the *Meet Vincent van Gogh Experience*, a multimedia experience of the life of the artist. Using technology, visitors can step into Van Gogh’s shoes. They can hear the sounds that he heard, smell the smells that he smelled, and read his letters in virtual reality.’ It has proved a very popular show. Of the two million visitors per year, 85% are from abroad, and many of them come to the Netherlands especially for Van Gogh.

The Van Gogh Museum is often put in the same bracket as the Rijksmuseum and the Stedelijk Museum, but in fact it has a character all its own. ‘You might think that the three big museums are competitors, but in practice we complement each other. Visitors to the Rijksmuseum are also keen to see our museum. And the same applies to the Stedelijk. So we are in a pretty comfortable position.’ Hardly surprising, because nowhere in the world are there so many Van Gogh paintings under one roof as in Amsterdam. And it’s not just the collection that is interesting, the building itself is, too. The fixed collection is in a building designed by Gerrit Rietveld. The Van Gogh Museum was his last design. ‘That is what makes it extra special. It is a square building with many walls so that we can show a large part of the collection. The wing for temporary exhibitions that was built in the 1990s has a very different character. By making good use of the building, its form reinforces the collection.’

CROWD-PULLER

The role that art and culture play in Amsterdam is very important, believes Dönszelmann. 'One in three tourists states that they came to Amsterdam partly for Van Gogh, so the museum is a key crowd-puller. Art and culture make a significant contribution to the Amsterdam economy. It makes sense for many visitors to the museum to walk down to P.C. Hooftstraat afterwards. Or the other way around: spruce up a day of shopping in Amsterdam with a cultural visit to the Museumplein. Because of these shared interests, the Van Gogh Museum is in the Business Investment Zone along with other local entrepreneurs. 'We communicate and cooperate very well. We know where to find each other and we coordinate things, from festive lighting in December to neighbourhood safety. When we opened our new entrance, several shops on P.C. Hooftstraat had Vincent van Gogh as a theme in their shop windows. That shows that we work well together and try to create synergy.' For sound cross-fertilisation, Dönszelmann feels it is important that the events that take place on Museumplein link up with the cultural character of the area. 'A football celebration is not as good a match as the Uitmarkt. We are increasingly trying to solve these things in consultation with the local population, business people and institutions in the urban district. In the past, these things would be discussed at the street level. But now we are organised in the Museumplein Neighbourhood Consultation Meeting. That makes life a lot easier.'

Dönszelmann himself is passionate about art. 'It kind of goes with the territory,' he feels. He is sad that his place of work is not in the museum itself, but whenever he can he goes in to take a look at the art he likes best: the impressionists, with The Harvest as his personal favourite. 'I can't get enough of it. It great that I have the opportunity every now and again to stand in front of that painting in complete silence. It never fails to move me.' That passion is what drives him in his work. 'Museums are a great source of enjoyment to me, and I'm happy that I can help other people enjoy art too. The museum is limited in terms of the number of visitors it can accommodate. For me, the challenge is to make as many works as possible available to the greatest number of people and enable them to enjoy them. While all along we are doing maintenance and organising various events. That is what I love to do, to solve that puzzle as best I can.'

For many visitors it makes sense to walk down the P.C. Hooftstraat prior to or following their visit to the museum

4

REPORT OF THE EXECUTIVE BOARD

REVIEW PROPERTY PORTFOLIO

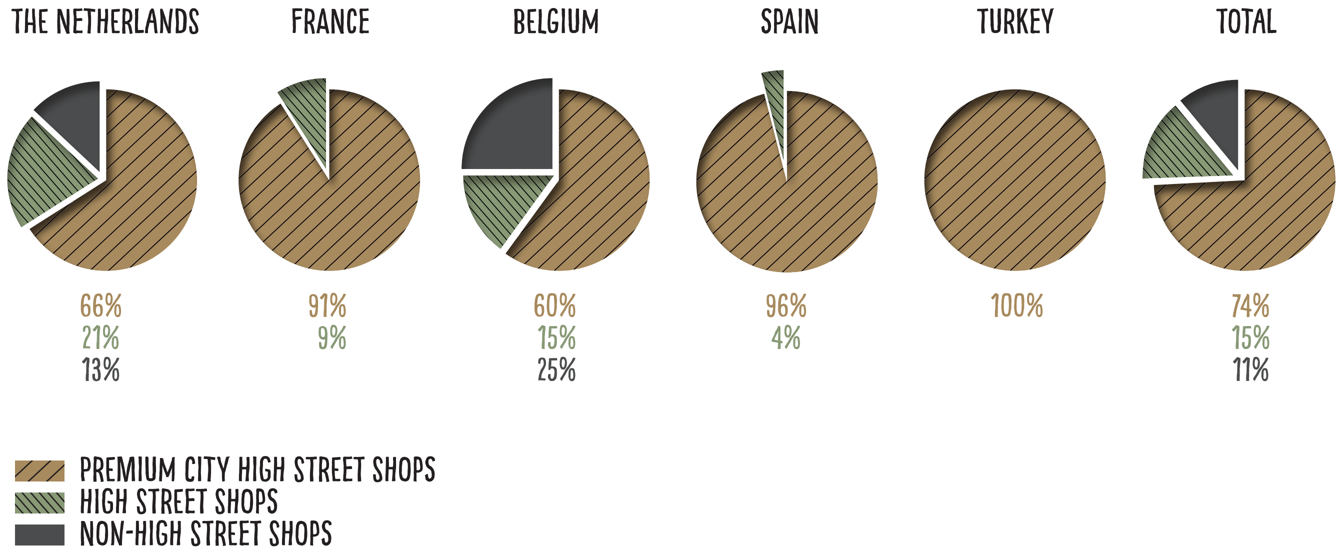
OCCUPANCY RATE: 97.3%

TOTAL VALUE OF THE PORTFOLIO: € 1.6 BILLION

TOTAL VALUE OF ACQUISITIONS AND DIVESTMENTS: € 171 MILLION

INTRODUCTION

During 2016, Vastned further increased the quality of the portfolio. Among others through acquisitions in the popular shopping streets of the historical cities of Amsterdam, Paris, Madrid and Utrecht for a total of € 75.9 million and divestments of non-strategic assets totalling € 94.9 million. The share premium city high street shops rose from 68% at year-end 2015 to 74% at year-end 2016. The total portfolio was valued at € 1.6 billion (year-end 2015: € 1.6 billion).



OCCUPANCY RATE

OCCUPANCY RATE (IN %) YEAR-END 2016	The Netherlands	France	Belgium	Spain	Turkey	Total
Premium city high street shops	99.0	98.9	99.2	100.0	99.6	99.2
High street shops	92.7	97.1	98.7	100.0	-	94.5
Non-high street shops	92.4	85.4	97.1	-	-	93.8
Total	95.8	97.9	98.5	100.0	99.6	97.3

OCCUPANCY RATE (IN %) YEAR-END 2015	The Netherlands	France	Belgium	Spain	Turkey	Total
Premium city high street shops	99.7	99.5	100.0	100.0	99.5	99.7
High street shops	94.8	92.9	98.1	100.0	-	95.5
Non-high street shops	96.3	85.7	95.7	100.0	-	95.6
Total	97.3	97.7	98.3	100.0	99.5	97.9

During 2016, the average occupancy rate was 96.2%. At year-end 2016 the occupancy rate amounted to 97.3% compared to 97.9% at year- end 2015. The occupancy rate of the Dutch high street and non-high street portfolios decreased relatively strong. The premium city high street shops remained virtually fully occupied with an occupancy rate of 99.2%.

10 LARGEST TENANTS		Theoretical gross rental income (in € million)	Theoretical gross rental income (in %)	Number of units	GLA (x 1,000 sqm)
1	H&M	12.2	13.6	13	25.2
2	Inditex	7.4	8.3	10	12.1
3	Forever 21	2.7	3.0	1	4.5
4	Blokker	2.1	2.3	17	12.7
5	A.S. Watson	2.1	2.3	17	6.6
6	Armani	2.0	2.2	2	2.5
7	GAP	1.4	1.6	1	0.9
8	Adidas	1.2	1.4	2	0.8
9	Ahold Delhaize	1.1	1.2	5	5.3
10	Salvatore Ferragamo	1.0	1.1	1	0.6
	Total	33.2	37.0	69	71.2

LEASING ACTIVITY

In 2016, Vastned concluded 102 leases for a total amount of € 10.0 million, equalling 11.2% of the theoretical gross rental income. In 2015, Vastned concluded 139 leases for a total of € 10.6 million. The gross rental income of all the concluded lease agreements in 2016, decreased by 0.8%, compared to a 3.9% decrease in 2015. The gross rental income of the lease agreements for premium city high street shops increased by 17.4%, which equals € 0.8 million, compared to a € 0.7 million increase in 2015.

LEASING ACTIVITY 2016	Volume		Movement in gross rental income	
	(in € million)	(in %)	(in € million)	(in %)
Premium city high street shops	5.2	5.9	0.8	17.4
High street shops	3.4	3.8	(0.6)	(15.2)
Non-high street shops	1.4	1.5	(0.3)	(15.9)
Total	10.0	11.2	(0.1)	(0.8)

LIKE-FOR-LIKE GROSS RENTAL INCOME

During 2016 Vastned recorded a like-for-like gross rental growth of 0.5% negative compared to a like-for-like gross rental growth of 0.9% negative in 2015. The premium city high street shops realized a positive like-for-like gross rental growth of 0.5%. Also the portfolio of non-high street shops yielded positive like-for-like gross rental growth of 0.8%. This increase is mainly due to the Belgian retail warehouses, which are very are popular among Belgian consumers. In Belgium, the like-for-like gross rental growth of non-high street shops was 5.1%. Especially the Dutch portfolio of high street shops, which is relatively large, had a negative effect on the overall gross like-for-like rental growth.

LIKE-FOR-LIKE RENTAL GROWTH AS A % OF GROSS RENTAL INCOME	Premium city high street shops	High street shops	Non-high street shops	Total
The Netherlands	(0.6)	(8.4)	(1.0)	(3.2)
France	1.1	7.5	(3.6)	1.6
Belgium	1.1	2.5	5.1	2.6
Spain	1.0	-	-	0.7
Turkey	1.3	-	-	1.3
Total	0.5	(4.5)	0.8	(0.5)

LEASE INCENTIVES

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

LEASE INCENTIVES AS A % OF GROSS RENTAL INCOME	2016		2015	
	actual	IFRS	actual	IFRS
Premium city high street shops	2.2	2.5	2.2	2.7
High street shops	2.5	2.4	2.4	2.4
Non-high street shops	2.5	2.3	2.3	2.4
Total	2.3	2.4	2.3	2.5

MARKET RENTS

Appraisals made on Vastned's instructions by external appraisers determine the market value, i.e. the estimated rental value (ERV), of retail units. This is key information for identifying re-letting opportunities and threats. Relative to the market rent, the theoretical rental income (the gross annual rent of current contracts increased by the ERV of vacant units) was 99.4% of the market rent at year-end 2016 (year-end 2015: 99.6%). For (over)- or under rent, it is important to take into account both the absolute amounts and percentages. In absolute figures the total portfolio was € 0.6 million underrented, of which the premium city high street shops showed an underrent situation of 5.1% or € 3.1 million.

(OVER)- UNDER RENT PER TYPE AT YEAR-END 2015	Theoretical gross rental income (in € million)	Market rent (in € million)	(Over)- under rent (in%)
Premium city high street shops	56.5	59.6	5.1
High street shops	17.2	16.2	(6.4)
Non-high street shops	15.8	14.3	(10.4)
Total portfolio	89.5	90.1	0.6

LEASE EXPIRATIONS

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

CUSTOMARY LEASE DURATIONS AND INDEXATIONS

	TERM	INDEXATION
THE NETHERLANDS	In the Netherlands virtually all leases are concluded for a period of five years, whereby the tenant has one or more options to renew the lease by another five years.	Based on CPI.
FRANCE	In France, leases 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.	Based on the construction cost index (ICC), or based on a weighted mix of the construction cost index, the cost of living index and retail trade prices (ILC) 1).
BELGIUM	In Belgium leases are normally concluded for a period of nine years, with early termination options after three and six years.	Based on the health index (derived from the CPI).
SPAIN	In Spain leases are normally concluded for a minimum period of five years.	Based on the cost of living index (CPI).
TURKEY/ISTANBUL	Generally, the leases concluded in Turkey have a five-year duration.	In Turkey, the leases have different indexations based on individual agreements.

1) In France, less and less leases are subject to ICC indexation, because new legislation prescribes that as of September 2014 the indexation of the rent concluded in leases should be based on ILC indexation.

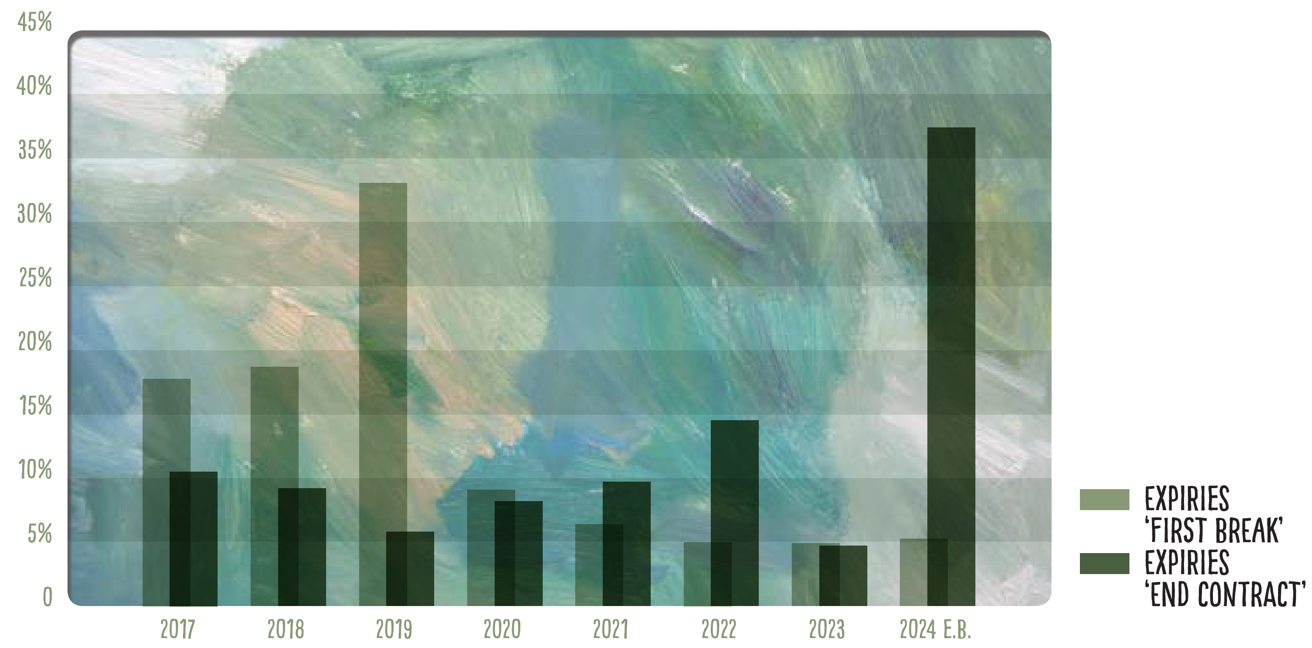
In addition, we are seeing demand for temporary leases growing, in particular from smaller retailers, mainly for 'pop-up stores', which often move to a new location after a few months. Vastned makes use of this option to occupy (temporary) vacancy.

In the expirations, Vastned distinguishes between the next termination date for the tenant (first break) and the end of the lease (end of contract). The graph below displays the expiry dates of the entire property portfolio. The average duration at year-end 2016 was 5.9 years (year-end 2015: 6.2 years).

Taking into account the time until the next optional termination date for the tenant the average duration of the leases was 2.9 years at year-end 2016 (year-end 2015: 3.1 years).

Overall, 18% of the leases, representing € 15 million of gross rental income, could be renewed or terminated in 2017.

LEASE EXPIRIES AT YEAR-END 2016 - TOTAL



ACQUISITIONS

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

DIVESTMENTS

Divestments totalled € 94.9 million in 2016. Most of the divestments of non-strategic assets were made in the Netherlands, where a large number of high street and non-high street shops in smaller and medium-sized cities were sold for € 71.2 million in total. In the other countries the share of high street and non-high street shops had already been sharply reduced over the past few years. Furthermore, the entire high street shop portfolio in Portugal was sold for € 11.2 million by means of a share transaction and in Castellón de la Plana in Spain a retail warehouse was sold for € 7.5 million. Vastned also divested a high street shop in Turnhout in Belgium for € 5.0 million. On average, the assets were sold € 4.5 million below book value, of which € 4.1 million was related to the divestments in the Netherlands.

VALUE MOVEMENTS APPRAISAL METHODOLOGY

The larger properties, with an (expected) value of more than € 2.5 million, make up approximately 87% of Vastned's property portfolio and are appraised semi-annually by reputed international appraisers. Smaller properties (expected value of € 2.5 million or less) are appraised externally once a year, spread evenly across the half years. As at 30 June 2016 and year-end 2016, 94% of the property portfolio had been appraised. 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 valuation guidelines (including RICS appraisal and valuation standards). This appraisal methodology is explained in more detail on page 165 of the financial statements.

VALUE MOVEMENTS

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

VALUE MOVEMENTS

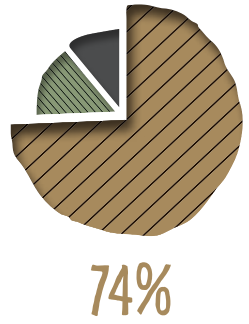
	Value of the portfolio at year-end 2016 (in € million)	Value movement 1) (in %)	Value movement 1) (in € million)
Premium city high street shops	1,200	1.2	13.4
High street shops	236	(3.5)	(8.6)
Non-high street shops	179	(5.1)	(9.5)
Total portfolio	1,615	(0.3)	(4.7)

1) Excluding acquisitions and divestments

REVIEW PREMIUM CITY HIGH STREET SHOPS

OCCUPANCY RATE: 99.2%

TOTAL VALUE OF THE PORTFOLIO: € 1,200 MILLION

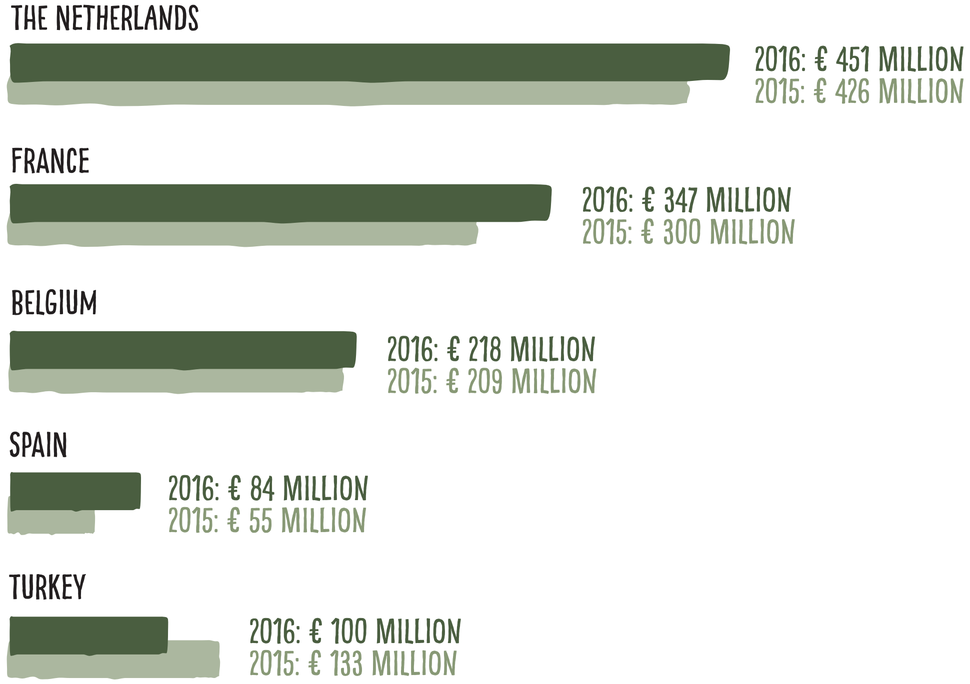


PREMIUM CITY HIGH STREET SHOPS
HIGH STREET SHOPS
NON-HIGH STREET SHOPS

INTRODUCTION

Vastned strives to achieve stable and predictable results and since the premium city high street shops proved to be the resilient portfolio in recent years in combination with the changing spending pattern of consumers and the growing demand from retailers for only the best retail locations Vastned aims to increase the portfolio premium city high street shops. In 2016, the share of premium city high street shops grew from 68% to 74%. Also this year, the premium city high street shops realized positive results.

PREMIUM CITY HIGH STREET SHOP PORTFOLIO PER COUNTRY



TOTAL 2016: € 1,200 MILLION
2015: € 1,123 MILLION

10 LARGEST PREMIUM CITY HIGH STREET SHOP PORTFOLIOS

	Book value (in € million)	Theoretical gross rental income (in € million)	Occupancy rate (in %)	Number of tenants	GLA (sqm)
1. Amsterdam	272.2	10.7	99.0	44	13,351
2. Paris	188.1	7.3	99.3	15	6,546
3. Istanbul	100.0	8.6	99.6	9	13,100
4. Utrecht	86.6	4.4	99.4	38	12,707
5. Antwerp	82.1	3.9	99.6	18	6,994
6. Bordeaux	81.8	3.5	98.4	20	6,350
7. Madrid	77.5	2.8	100.0	6	2,427
8. Lille	55.8	3.0	98.1	28	6,002
9. Brussels	54.7	2.9	97.8	10	8,346
10. Gent	47.3	2.0	100.0	4	7,420
Total	1,046.1	49.1	99.2	192	83,243

OCCUPANCY RATE

The occupancy rate of premium city high street shops remained high at 99.2% at year-end 2016 (year-end 2015: 99.7%). The (temporary) vacant spaces are primarily related apartments and some office spaces located above the retail units in cities like Amsterdam, Bordeaux and Paris.

OCCUPANCY RATE (IN %)	The Netherlands	France	Belgium	Spain	Turkey	Total
At year-end 2016	99.0	98.9	99.2	100.0	99.6	99.2
At year-end 2015	99.7	99.5	100.0	100.0	99.5	99.7

LEASING ACTIVITY

In the past year, Vastned closed a total of 31 leases for premium city high street shops for a total of € 5.3 million. This is equivalent to 5.9% of the theoretical gross rental income.

The average rent increase which Vastned realized on these leases was 17.4%, or € 0.8 million. In 2015, Vastned signed 27 leases premium city high street shops for an aggregate of € 3.5 million and realised a rent increase of € 0.7 million.

Vastned singed leased with among others Adidas Originals for rue des Rosiers 3 in Paris, with Zadig & Voltaire for Leidsestraat 5 and Scalpers for Leidsestraat 60-62 in Amsterdam and Repeat Cashmere for Cours de l'Intendance 58 in Bordeaux. Also in other premium cities such as Lille, Maastricht, Madrid, Utrecht Vastned signed attractive leases.

LEASING ACTIVITY	2016	2015
Number of leases	31	27
Rent (in € million)	5.3	3.5
Rent change (in € million)	0.8	0.7
Rent change (in %)	17.4	24.4

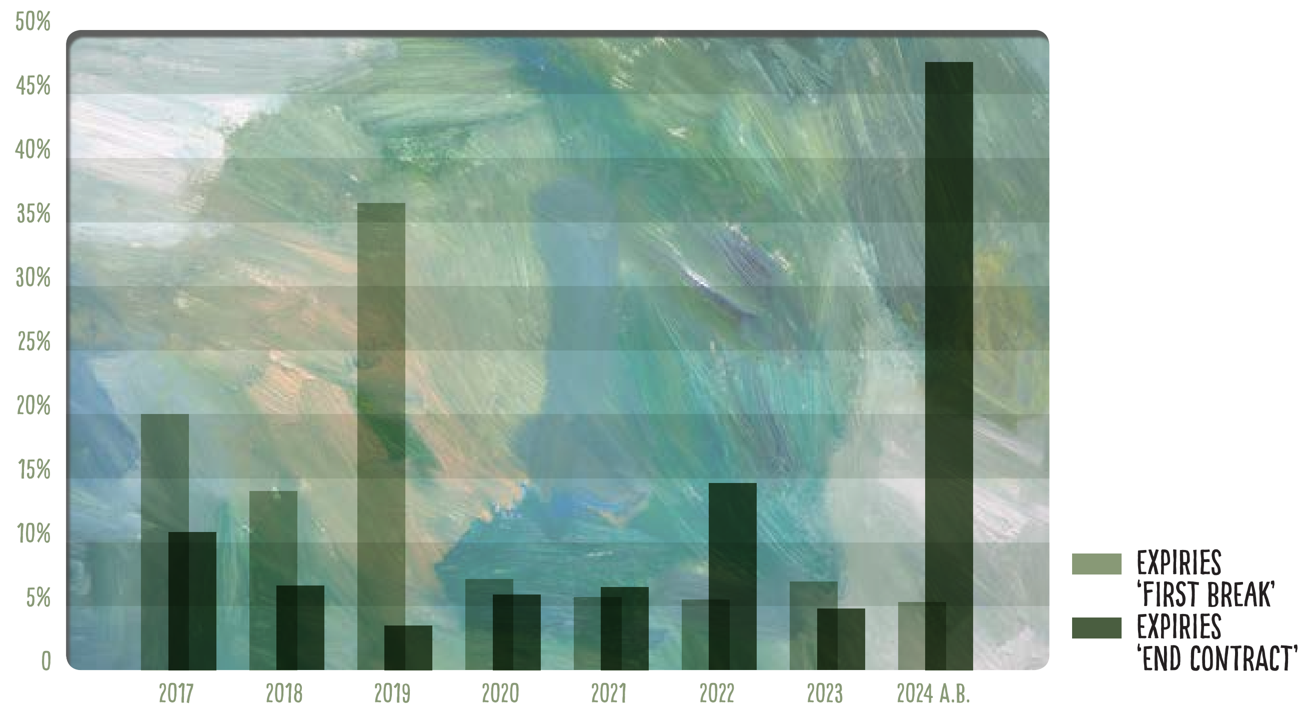
LEASE EXPIRATIONS

The average duration of leases for premium city high street shops was 6.7 years at year-end 2016 (year-end 2015: 7.1 years).

Taking into account the time until the next optional termination date for the tenant, the average duration of the leases was 2.9 years at year-end 2016 (year-end 2015: 3.1 years).

The premium city high street shops are marked by an average under-rent of 5.1%, which means that when leases expire, there are opportunities for Vastned to raise the rent.

LEASE EXPIRIES PREMIUM CITY HIGH STREET SHOPS



ACQUISITIONS

In 2016, Vastned expanded its clusters of premium city high street shops on the popular high streets of Amsterdam, Madrid, Paris and Utrecht with the acquisition of 7 premium city high street shops amounting to 75.9 million including acquisition costs.

DIVESTMENTS

As a part of a portfolio divestment in the Netherlands for a total amount of € 46.7 million, Vastned also divested eight premium city high street shops for a total amount of € 12.4 million, 1.2% above book value.

VALUE MOVEMENTS

The total value of the portfolio, excluding acquisitions and divestments, fell by 0.3% or € 4.7 million. The value of the premium city high street shops, excluding acquisitions and divestments, increased by € 13.4 million. The premium city high street shops in all countries increased in value, except for the portfolio in Istanbul, Turkey. Given the uncertain geopolitical and economic situation in Turkey the value of the Istanbul portfolio declined with € 33.0 million. Consumer spending is declining for quite some time now and tourists - a major source of income for the Turkish economy - avoid the country. Additionally the negative impact of the fall of the Turkish lira will increase the rental costs relatively strong, putting market rents under pressure in the coming years.

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

The biggest value increases in absolute numbers were realised in the Netherlands and France, where the value of the premium city high street shops (excluding acquisitions and divestments) increased by € 15.5 million and € 21.4 million respectively. The highest relative rise occurred in France (7.1%) and Spain (6.5%).

VALUE MOVEMENTS

	Value of the portfolio at year-end 2016 (in € million)	Value movement [1] (in %)	Value movement [1] (in € million)
The Netherlands	451	3.7	15.5
France	347	7.1	21.4
Belgium	218	2.9	6.0
Spain	84	6.5	3.5
Turkey	100	(24.8)	(33.0)
Total portfolio premium city high street shops	1,200	1.2	13.4

1) Excluding acquisitions and divestments

VALUE CREATION

As in 2015, Vastned realized several renovation projects in 2016.

ZONNESTRAAT 6 IN GENT

Among others Zonnestraat 6 in Gent was restored to its original state. The building dates from 1922 and was designed by architect Maurice Fetu for the company Franchomme & Cie., a Brussels-based manufacturer and wholesaler of fabrics. In recent decades, the building had different destinations and both on the façade and on the inside major refurbishments took place. Vastned invested a total of € 2 million spread over 2015 and 2016. As a result, the building was restored to its original condition and Vastned realized a rent increase of 87% and a value increase of over 50%.

RUE DES ROSIERS 3 IN PARIJS

In Paris Vastned combined two adjacent premium city high street shops to a flagship store of Adidas Originals. Previously, the two shops were leased to Adidas Originals and Suite.341. Through an investment of less than € 10 thousand a unique store area of 400 square meters was created, where the average retail units in Le Marais are around 200 square meters. Vastned realized a rent increase of 55% and an increase in value of 54% on this property.

LEIDSESTRAAT 60-62 IN AMSTERDAM

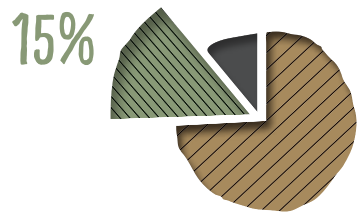
After the restoration of Leidsestraat 64-66 in 2015 Leidsestraat 60-62 in Amsterdam was renovated in 2016. On the ground floor, two premium city high street shops merged into one larger unit, which is now leased to Scalpers. Scalpers opened its first store in the Netherlands at this location. Above the Scalpers' shop Vastned created two additional apartments and renovated two existing apartments. Vastned realized a rent increase of 20% and a value increase of 24%.

By renovating and / or restoration of existing property Vastned contributes to the preservation of cultural heritage. In addition, Vastned responds to the strong demand for inner-city housing by renovating and creating living space. This is an important objective, as stated in the Sustainability section on page 81.

REVIEW OF THE HIGH STREET SHOP PORTFOLIO

OCCUPANCY RATE: 94.5%

TOTAL VALUE OF THE PORTFOLIO: € 236 MILLION

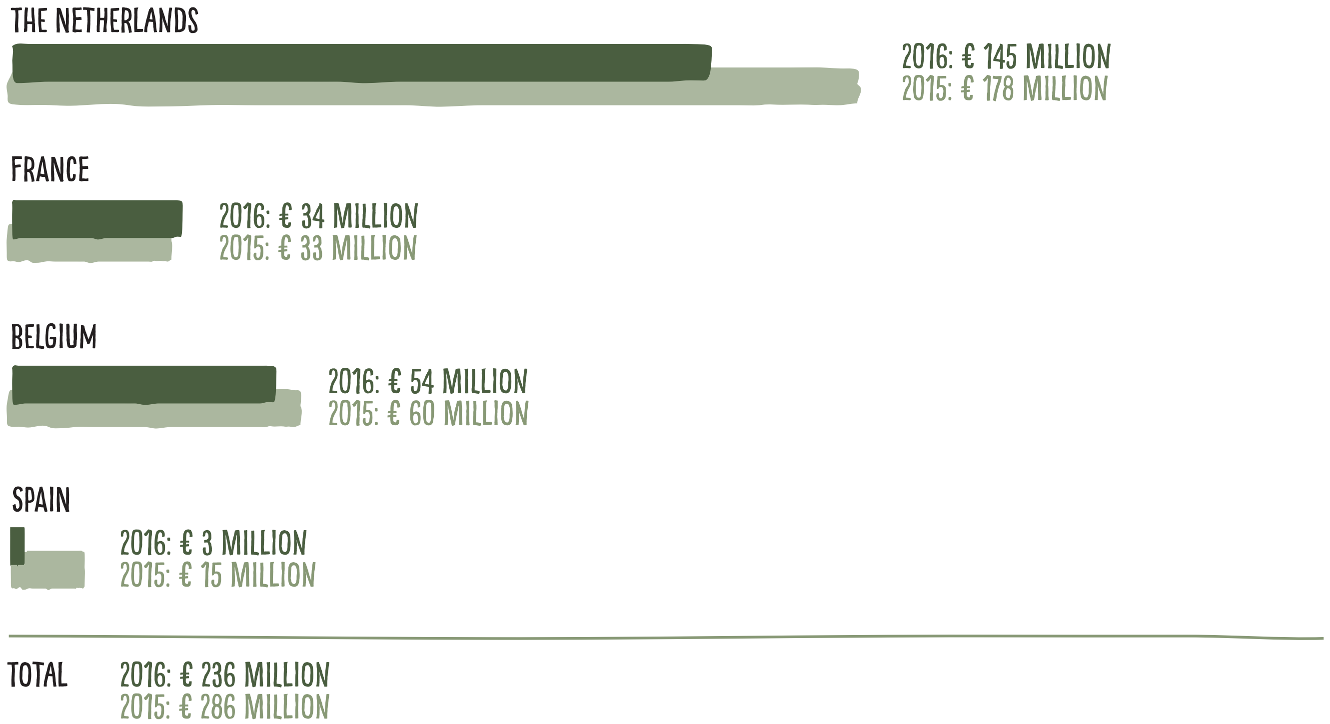


PREMIUM CITY HIGH STREET SHOPS
HIGH STREET SHOPS
NON-HIGH STREET SHOPS

INTRODUCTION

The share of high street shops is in line with the strategy, reduced from 17% at year-end 2015 to 15% at year-end 2016. The value of the portfolio amounted to € 236 million at year-end 2016, with the biggest portfolio in the Netherlands (€ 145 million). Last year Vastned has taken large steps in further increasing the quality of the overall portfolio and focuses on increasing the share premium city high street shops. Vastned has divested a total of € 78.3 million of high street shops in 2016.

HIGH STREET SHOP PORTFOLIO PER COUNTRY



OCCUPANCY RATE

The occupancy rate of the high street shops fell from 95.5% at year-end 2015 to 94.5% at year-end 2016. This was due to the expiration and non-renewal of regular and temporary leases for high street shops in the Netherlands. In France and Belgium the occupancy rate of high street shops increased from 92.9% and 98.1% at year-end 2015 to 97.1% and 98.7% at year-end 2016, respectively, due to the leasing of large office space in Nancy, France and a retail unit in Namur, Belgium.

OCCUPANCY RATE (IN %)	The Netherlands	France	Belgium	Spain	Turkey	Total
At year-end 2016	92.7	97.1	98.7	100.0	-	94.5
At year-end Eind 2015	94.8	92.9	98.1	100.0	-	95.5

LEASING ACTIVITY

In 2016, Vastned signed 40 leases for high street shops for a total of € 3.4 million, of which 33 leases in the Netherlands. In 2015 Vastned signed a total of 73 leases for a total of € 3.8 million. The rental decline in 2016 of 15.2% was less than in 2015 (15.8%).

The clear polarisation in the European retail landscape between popular and less popular shopping is mainly reflected in the results of the leasing activity in the Netherlands as the Dutch high street portfolio is by far the largest.

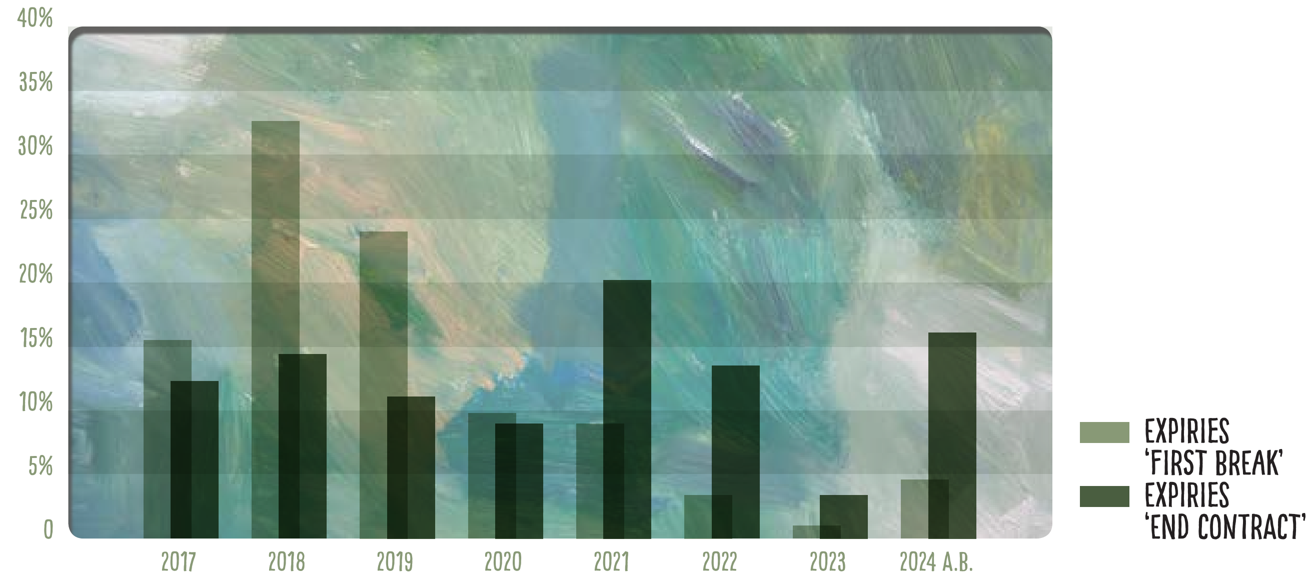
LEASING ACTIVITY	2016	2015
Number of leases	40	73
Rent (in € million)	3.4	3.8
Rent change (in € million)	(0.6)	(0.7)
Rent change (in %)	(15.2)	(15.8)

LEASE EXPIRATIONS

The average duration of leases for high street shops was 4.3 years at year-end 2016 (year-end 2015: 4.8 years).

Taking into account the time until the next optional termination date for the tenant, the average duration of the leases was 2.6 years at year-end 2015 (year-end 2015: 2.9 years).

LEASE EXPIRIES HIGH STREET SHOPS



DIVESTMENTS

In total the net result on divestments of non-strategic high street shops amounted to € 39.2 million. In addition to the divestments in the Netherlands totalling € 22.9 million, Vastned sold the entire Portuguese portfolio for € 11.2 million through a share transaction. Furthermore a high street shop in Turnhout, Belgium was divested for € 5.0 million. In total, the high street shops were divested at 5.1% below book value.

VALUE MOVEMENTS

The value of the high street shops portfolio declined in 2016 by an average of 3.5% or € 8.6 million. This decrease was mainly caused by the depreciation of the Dutch high street shops. In the Netherlands, Vastned still has the largest portfolio of high street shops, despite the divestments in recent years. The effect of the polarisation between popular and less popular shopping destinations is especially visible in the Netherlands.

VALUE MOVEMENTS

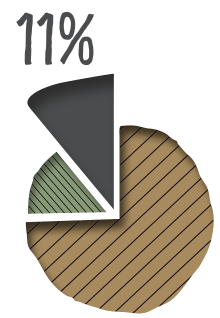
	Value of the portfolio at year-end 2016 (in € million)	Value movement [1] (in %)	Value movement [1] (in € million)
The Netherlands	145	(5.6)	(8.5)
France	34	(0.5)	(0.2)
Belgium	54	(0.4)	(0.2)
Spain	3	8.5	0.3
Total portfolio high street shops	236	(3.5)	(8.6)

1) Excluding acquisitions and divestments

REVIEW OF THE NON-HIGH STREET SHOP PORTFOLIO

OCCUPANCY RATE: 93.8%

TOTAL VALUE OF THE PORTFOLIO: € 179 MILJOEN

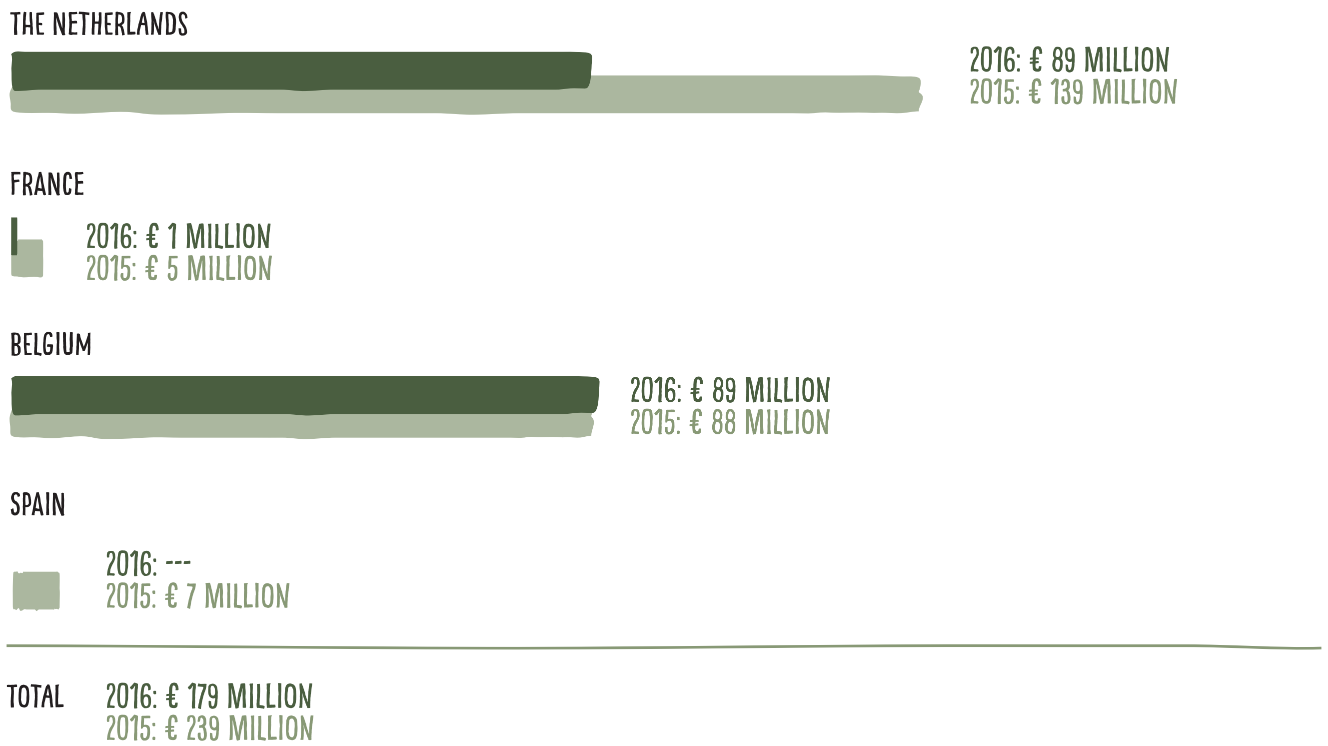


PREMIUM CITY HIGH STREET SHOPS
HIGH STREET SHOPS
NON-HIGH STREET SHOPS

INTRODUCTION

Compared to 2015, the portfolio of non-high street shops shrank further through the divestments of non-strategic assets in the Netherlands and Spain and the value decline of two shopping centres in Limoges in France. At year-end 2016, the portfolio of non-high street shops was € 179 million (year-end 2015: € 239 million).

NON-HIGH STREET SHOP PORTFOLIO PER COUNTRY



OCCUPANCY RATE

The occupancy rate of the non-high street shop portfolio at year-end 2016 was 93.8% (year-end 2015: 95.6%). In this portfolio, the polarisation is clearly visible and the largest decline in the occupancy rate was in the Netherlands where it decreased from 96.3% at year-end 2015 to 92.4% at year-end 2016. In Belgium on the other hand the occupancy rate of non-high street shops increased from 95.7% at year-end 2015 to 97.1% at year-end 2016.

OCCUPANCY RATE (IN %)	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
At year-end 2016	92.4	85.4	97.1	-	-	93.8
At year-end 2015	96.3	85.7	95.7	100.0	-	95.6

LEASING ACTIVITY

In total Vastned signed 31 leases for non-high street shops for an amount of € 1.4 million in 2016. Of these leases, 25 leases were signed in the Netherlands. In 2015, Vastned signed 39 leases for a total amount of € 3.3 million. Compared to 2015 rents declined stronger in 2016, by 15.9% (2015: 10.7%). In absolute terms, however, the rent drop in 2016 was lower with € 0.3 million versus € 0.4 million in 2015.

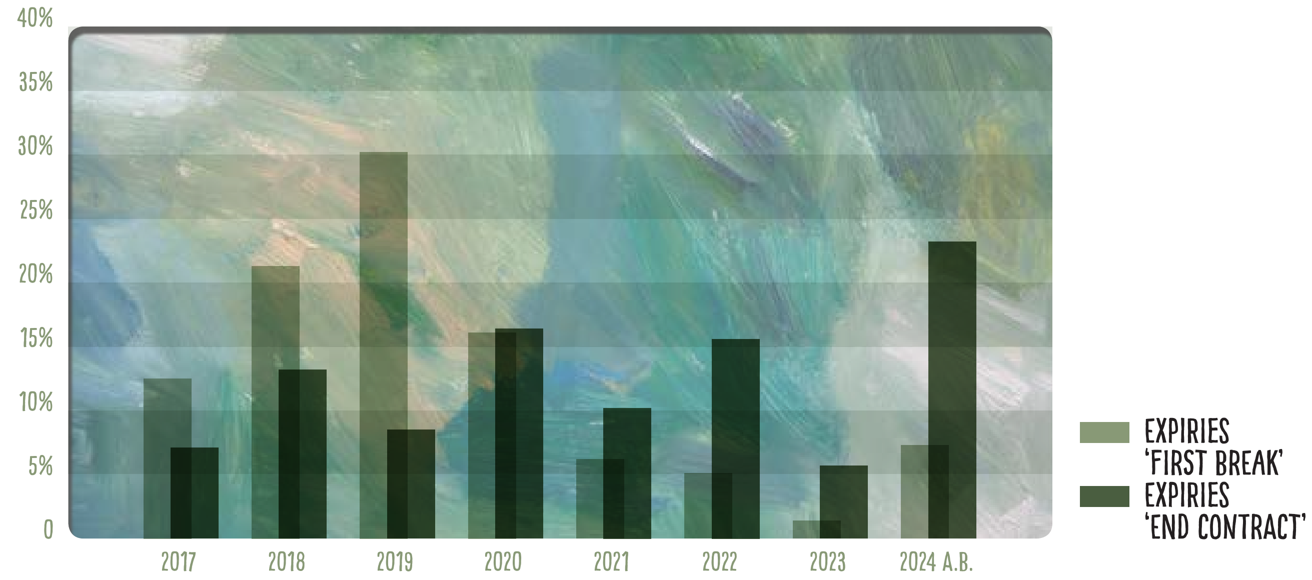
LEASING ACTIVITY	2016	2015
Number of leases	31	39
Rent (in € million)	1.4	3.3
Rent change (in € million)	(0.3)	(0.4)
Rent change (in %)	(15.9)	(10.7)

LEASE EXPIRATIONS

The average duration of leases for non-high street shops was 4.9 years at year-end 2016 (year-end 2015: 5.3 years).

Taking into account the time until the next optional termination date for the tenant, the average duration of the leases was 3.1 years at year-end 2016 (year-end 2015: 3.5 years).

LEASE EXPIRIES NON-HIGH STREET SHOPS



DIVESTMENTS

In total the net result on divestments of non-strategic non-high street shops was € 43.3 million. In Spain Vastned sold a retail warehouse in Castellón de la Plana for € 7.5 million and in the Netherlands various assets were divested, including assets in Almere Buiten, parts of shopping center Boven 't IJ in Amsterdam Noord, shopping centre Overvecht in Utrecht, and Brielle as part of a portfolio divestment. In total these non-high street shops were divested at 5.8% below book value.

VALUE MOVEMENTS

The non-high street shop portfolio of Vastned is located in the Netherlands, France and Belgium, after the divestment of the retail warehouse in Castellón de la Plana in Spain. The value of the portfolio non-high street shops fell on average by 5.1% or € 9.5 million, excluding acquisitions and divestments.

The largest percentage decline occurred in France, where Vastned owns parts of two shopping centres in Limoges. In absolute terms, the decline was the biggest in Netherlands with € 7.4 million. In Belgium, by contrast, the value of the non-high street shops increased by 1.6% or € 1.4 million. The portfolio of non-high street shops in Belgium consists of popular retail warehouses (baanwinkels), which is a typical Belgian shopping phenomenon.

VALUE MOVEMENTS

	Value of the portfolio at year-end 2015 (in € million)	Value movement [1]	
		(in %)	(in € million)
The Netherlands	89	(7.8)	(7.4)
France	1	(72.2)	(3.5)
Belgium	89	1.6	1.4
Totale portefeuille non-high street shops	179	(5.1)	(9.5)

1) Excluding acquisitions and divestments

REVIEW OF THE 2016 FINANCIAL RESULTS

2016 RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

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

DIRECT RESULT

The direct result fell from € 49.2 million in 2015 to € 46.1 million in 2016 due to lower net rental income as a result of the quality improvement of the portfolio, whereby Vastned sells high-yielding riskier property and acquires lower-yielding but also less risky property.

Net rental income fell from € 82.9 million in 2015 to € 79.1 million in 2016. While the net rental income increased by € 3.9 million due to acquisitions made in 2015 and 2016; it fell by € 6.7 million as a result of divestments in 2015 and 2016. The negative like-for-like net rent growth of mainly the Dutch high street shops caused a further € 1.1 million decrease.

The net financing costs fell by € 0.6 million, which contributed positively to the direct result.

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

INDIRECT RESULT

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

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

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

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

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

DEVELOPMENT NET RENTAL INCOME 2016 (IN € MILLION)

PREMIUM CITY HIGH STREET SHOPS

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

HIGH STREET SHOPS

	The Netherlands	France	Belgium	Spain / Portugal	Turkey	Total
Gross rental income 2015	14.5	2.2	3.6	1.3	-	21.6
Acquisitions	-	-	-	-	-	-
Disposals	(1.4)	(0.3)	(0.3)	(0.2)	-	(2.2)
Like-for-like rental growth	(1.1)	0.1	0.1	-	-	(0.9)
Gross rental income 2016	**12.0**	**2.0**	**3.4**	**1.1**	**-**	**18.5**
Operating expenses [1]	(2.5)	(0.2)	(0.3)	(0.1)	-	(3.1)
Net rental income 2016	**9.5**	**1.8**	**3.1**	**1.0**	**-**	**15.4**
Net rental income 2015	11.8	2.1	3.2	1.2	-	18.3
Operating expenses in % of gross rental income:						
• in 2016	20.7	9.7	9.7	10.0	-	16.9
• in 2015	18.2	7.4	10.6	6.5	-	15.1

[1] Including ground rents paid and net service charge expenses.

NON-HIGH STREET SHOPS

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

TOTAL

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

[1] Including ground rents paid and net service charge expenses.

NET RENTAL INCOME FROM PROPERTY

GROSS RENTAL INCOME

The gross rental income was € 89.5 million compared to € 93.2 million in 2015. The table on page 72 and 73 presents a breakdown by country.

Acquisitions and properties taken into operation (€ 4.2 million increase)
Due to acquisitions in the Netherlands, Belgium and France, Vastned increased its gross rental income by € 4.1 million compared to 2015.

Of the increase, € 2.5 million concerned additional gross rental income from acquisitions in the Netherlands in 2015 and 2016. Due to the in 2016 acquired premium city high street shops Vredenburg 9 in Utrecht and Leidsestraat 2 in Amsterdam the gross rental income grew by € 0.5 million. In addition, the premium city high street shops, which Vastned acquired in 2015 in Amsterdam, being Kalverstraat 11-17 / 12-16 Rokin and two high street shops on the P.C. Hooftstraat resulted in an additional € 2.0 million in gross rental income in the Netherlands.

In Belgium, the gross rental income rose by € 0.6 million due to the acquisition of premium high street shops on Korte Gasthuisstraat, Schuttershofstraat, Arme Duivelstraat and Graanmarkt in Antwerp in 2015.

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

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

Divestments (€ 7.4 million decrease)
In line with the premium city high street strategy, Vastned sold property in 2015 and 2016 for € 86.4 million and € 94.9 million respectively. This caused a € 7.4 million reduction of the gross rental income compared to 2015. This decrease was for € 3.7 million related to divestments in Netherlands, of which € 2.6 million related to the divestments made in 2016. The remaining decrease of € 1.1 million is due to divestments in 2015.

Due to the divestment of a relatively large portfolio in 2015 the gross rental income in Belgium was € 2.1 million lower.

In France, the decline in gross rental income was € 0.8 million, especially due to divestments in Angers and Bordeaux in 2015.

In Spain, a retail warehouse in Castellón de la Plana was divested in March 2016. In December 2016 the entire Portuguese property portfolio was sold resulting in a decrease in gross rental income in Spain/Portugal of € 0.8 million.

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

As the table on page 72 and 73 shows, the like-for-like growth for premium city high street shops was € 0.2 million positive. However, the like-for-like gross rental income growth was negated by the negative gross rental income growth in the Dutch property portfolio in particular due to lower rental income on re-letting in the high street shop segment.

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

Total operating expenses increased marginally from € 10.3 million in 2015 to € 10.4 million in 2016.

On the one hand, the operating expenses decreased by € 0.7 million by divestments of non-strategic properties in Netherlands, Belgium and France; on the other hand the operating expenses increased by € 0.3 million due to acquisitions of premium city high street shops in the Netherlands and France. Like-for-like, there was an increase in operating expenses of € 0.5 million by higher expenses related to the premium city high street shops in the Netherlands and Belgium and higher expenses with regard to the high street shops in the Netherlands.

The operating expenses equalled 11.6% of the gross rental income (2015: 11.0%). The premium city high street shops had lower operating expenses (8.8%) than the high street shops (16.9%) and non-high street shops (14.6%).

VALUE MOVEMENTS IN PROPERTY

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

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

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

NET RESULT ON DISPOSAL OF PROPERTY

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

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

EXPENDITURE

NET FINANCING COSTS

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

DEVELOPMENT OF NET FINANCING COSTS (X € MILLION)

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

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

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

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

GENERAL EXPENSES

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

INCOME TAX

CURRENT INCOME TAX EXPENSE

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

MOVEMENT DEFERRED TAX ASSETS AND LIABILITIES

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

RESULT PER SHARE

The average number of shares outstanding of Vastned remained the same at approximately 19.0 million shares compared to 2015. The result per share amounted to 1.39 per share (2015: € 3.44). The result comprises of the direct result of € 2.42 per share (2015: € 2.58 per share) and the indirect result of € 1.03 negative (2015: € 0.86 per share positive).

DEVELOPMENT OF THE DIRECT RESULT PER SHARE (IN €):

Direct result 2015	2.58
Like-for-like growth net rental income	(0.05)
Increase net rental income due to acquisitions	0.20
Decline of net rental income due to divestments	(0.35)
Increase financing costs due to more interest-bearing loans	(0.01)
On average a decline of the financing costs due to lower average interest rate and change in fixed versus floating interest rates and working capital	0.06
Lower income taxes	0.03
Lower result attributable to non-controlling interests	0.01
Absence of one-off gain due to the release of a provision related to an additional tax assessment in France in 2015	(0.03)
Absence of one-off gain related to a positive outcome of legal procedure with the Belgian tax authorities in 2015	(0.02)
Direct result 2016	2.42

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').

Through these so-called private placements, which in general have a longer duration than bank financing, Vastned achieves a better diversification among financers. The existing interest rate policy, that states that the share of the loan portfolio with a fixed interest rate should be around two-thirds of the loan portfolio is continued.

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

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

At year-end 2016, the loans had the following features:

- the total outstanding interest-bearing debt totalled € 673.8 million (year-end 2015: € 685.5 million);
- the total non-bank loans comprised € 307.2 million (45.6%) of the total outstanding interest-bearing debt;
- in 2022 long-term loans for an amount of € 272.7 million will expire. These include a credit facility with a syndicate of five banks;
- 89.3% of the outstanding loans was long term with a weighted average duration based on contract expiry dates of 4.4 years;
- 78.9% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate swaps, the private bond placements and the convertible bond loan;
- a good spread of interest rate review dates, with a weighted average duration of 3.5 years;
- the average interest rate in 2016, taking into account the agreed interest rate derivatives, the private bond placements and the convertible bond loan was 2.7%. The average interest rate based on the interest-bearing debt as at year-end 2016 was 2.7%;
- 21.1% of the outstanding loans had a floating interest rate;
- the negative value of interest rate derivatives amounted to € 6.3 million (year-end 2015: € 5.4 million negative). The increase was mainly due to changes in the interest rate curve in 2016; and
- the unused credit facilities amounted to € 162.2 million.

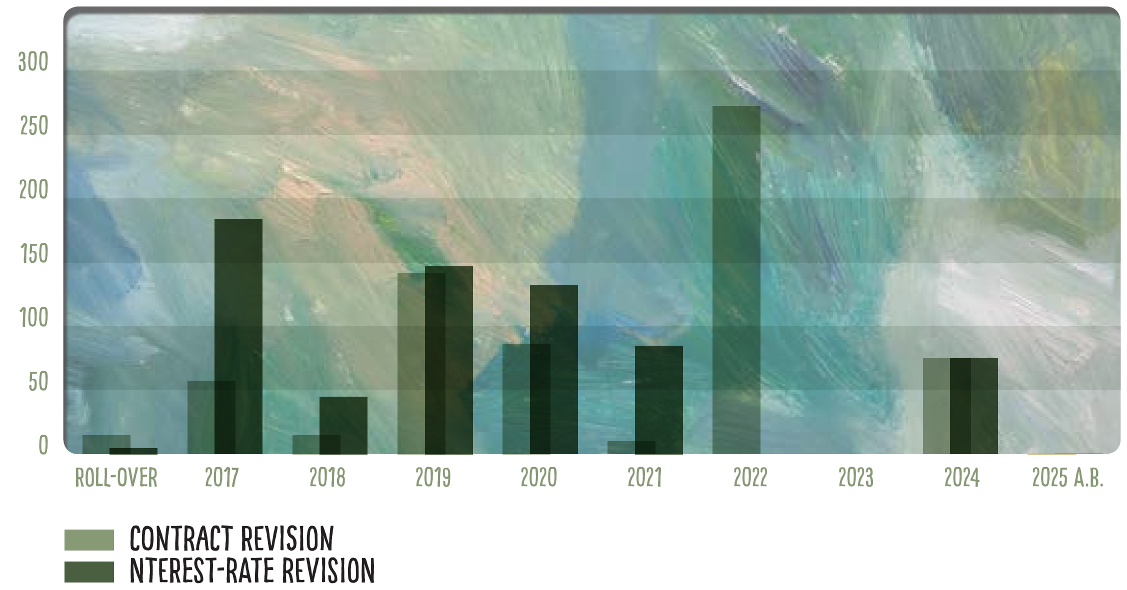
With a solvency of 56.1% and an interest coverage ratio of 4.0, Vastned complies with all the bank covenants. All financing contracts stipulate a 45% minimum solvency rate and in general require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited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

LOAN PORTFOLIO YEAR-END 2016 (IN € MILLION)

	Fixed interest rate [1]	Floating interest rate	Total	As a % of total
Long term debt	463.9	137.7	601.6	89.3
Short term debt	67.5	4.7	72.2	10.7
Total	531.4	142.4	673.8	100.0
As a % of total	78.9	21.1	100.0	

1) Interest derivatives taken into account

CONTRACT AND INTEREST-RATE REVISION DATES OF THE LOAN PORTFOLIO YEAR-END 2015 (IN € MILLION)



DIVIDEND POLICY AND PROPOSAL

The dividend policy stipulates that at least 75% of the direct result per share will be distributed as dividend. In principle, no stock dividend will be distributed. The dividend policy prevents share dilution due to the 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-yearly results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

DIVIDEND DISTRIBUTION 2015 AND DIVIDEND PROPOSAL 2016

The Annual General Meeting of 20 April 2016 declared a dividend for the 2015 financial year of € 2.05 per share, which was charged to the freely distributable reserves. In September 2015, an interim dividend of € 0.74 per share had already been distributed, so the final dividend per share came to € 1.31.

In accordance with the dividend policy, on 25 August 60% of the direct result for the first half year of 2016, or € 0.73 per share, was distributed as dividend. In the Annual General Meeting of shareholders of 20 April 2017, Vastned will propose to declare a dividend for the 2016 financial year of € 2.05 per share. Taking the interim dividend of € 0.73 into account, a final dividend will be declared of € 1.32 per share. The final dividend will be made payable on 9 May 2017.

2017 OUTLOOK

RETAIL MARKET

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

VASTNED PORTFOLIO

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

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

2017 DIRECT RESULT

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

SUSTAINABILITY

INTRODUCTION

With its strategy Vastned aims to add value for its shareholders, tenants and staff, as well as to local communities and visitors of the European historical city centres. The company's strategy is aimed at generating stable and predictable long-term results, inter alia by improving the quality of the portfolio, also in terms of sustainability and energy performance. Contributing to the liveability and preservation of the cultural heritage of historical city centres forms the core of Vastned's sustainability policy.

By continuing to invest in cultural heritage, Vastned extends the functional lifespan of the property and contributes to the attractiveness of city centres.

Due to ongoing urbanisation, it is important for society that the supply of residential space in historical inner cities is expanded. In 2016, Vastned created and renovated several apartments in the city centres of Amsterdam and Utrecht. When the space above shops is converted into residential use, city centres are livelier after closing time, which enhances social control and a sense of safety.

Investing in historical inner cities also makes the retail environment more attractive to retailers and consumers. Consumers are increasingly demanding, and looking for experiences. This further raises the relevance of investing in attractive retail environments.

PRINCIPLES

- Vastned and its employees will comply with applicable laws and regulations at all times;
- Vastned endorses the OECD guidelines for corporate social responsibility;
- Vastned endorses the ten principles of the United Nations Global Compact for human rights, working standards, the environment and the fight against corruption;
- Vastned strives to minimise its environmental impact;
- Where possible, Vastned will extend the (economic) lifespan of its premium city high street shops and improve their energy efficiency;
- Vastned is dedicated to preserving monuments and cultural heritage;
- In order 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 act honestly and ethically at all times; and
- Vastned aims to provide positive contributions to society.

REDUCING ENVIRONMENTAL IMPACT

In 2016, Vastned raised the share of properties holding an EPC (Energy Performance Certificate) from 55% to 67%. Furthermore, all common areas in the Dutch property portfolio where Vastned is responsible for energy consumption are supplied with electricity generated by Dutch wind turbines. In addition, the CO_2 emissions of the Dutch office have been fully compensated by the Climate Neutral Group since 2010 and in 2016 Vastned rolled out this carbon dioxide offset to all its offices by purchasing CO_2 credits based on the Gold Standard with the aim of supporting projects that reduce CO_2 emissions and benefits local population. In 2015 we have compensated the CO2 emissions of the Dutch office, amounting to 220 CO2e tonnes (scope 1, 2 and 3) and in 2016 we have compensated the CO2 emissions of all offices, amounting to 282 CO2e tonnes (scope 1, 2 and 3). In 2017, Vastned will launch a pilot 'Energy Saving Programme' that aims to encourage retailers to reduce their energy consumption and implement energy-saving measures. With these measures Vastned also gives an active interpretation to the Paris Climate Agreement, which took effect on 14 November 2016 in order to reduce global CO_2 emissions.

By including an extensive green and ethical clause in all standard leases, Vastned attempts to raise awareness among its tenants. This green and ethical clause, which was updated in 2016, is part of the standard lease agreement in all countries. It addresses subjects such as limiting the use of natural resources, circular economy, ILO, international codes and standards of conduct, human rights, child labour and animal welfare.

ENERGY SAVING PROGRAMME

Vastned generally leases on a shell and core basis, which means that the retailers are responsible for their energy bill and energy consumption. Even though the retailers are responsible for their energy consumption in Vastned properties, Vastned wishes to raise awareness among its tenants and offers them the option of learning how they might implement energy-saving measures. Vastned will start this pilot through the 'Energy Saving Programme' of the Climate Neutral Group, which Vastned has been working closely with for a number of years. The programme aims to offer 20 retailers an 'energy scan' including follow-up advice and support on the implementation of the advice. Progress on the Energy Saving Programme will be reported in the 2017 annual report.

Climate Neutral Group

IMPROVING MEASURABILITY OF ENERGY CONSUMPTION

At present, the measurability of the energy consumption in the portfolio, including third party use, is challenging. In 2017, after consultation with and approval from its retail tenants, Vastned will start to install smart meters in its properties, which will significantly improve the measurability of energy consumption. It would also offer further possibilities for future energy savings.

PERSONNEL AND ORGANISATION

ORGANISATION: A CRUCIAL PILLAR OF THE STRATEGY

The high street property market is dominated by private ownership. Creating and actively managing a premium city high street shop portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable. That is why employees are encouraged to think and act outside the box. Direct contacts and a horizontal organisation ensure fast response times. For its tenants, Vastned wants to be a flexible and effective organisation that speaks their language. Vastned offers employees the opportunity to work for a small, ambitious organisation dedicated to creating a high-quality sustainable portfolio leased to leading retailers.

ONE ORGANISATION WITH LOCAL KNOWLEDGE AND EXPERIENCE

Vastned works with local teams and has offices in Amsterdam, Antwerp, Paris, Madrid and Istanbul. The central management team is located at the Amsterdam head office. In all countries, the portfolio management has been set up as efficiently as possible by means of local teams, which take into account of the size of the local portfolio.

Depending on their size, the teams carry out the following functions: general management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff positions in finance & control, IT and in secretarial, tax and legal affairs. Most of these staff positions are centralised at the Amsterdam head office.

The teams have a high level of independent responsibility, but they do adhere to a clear 'Vastned vision' and are supported intensively from head office. There is frequent contact with and also periodic accounting to the central management team and head office staff.

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 three times a year. In addition to the members of the management team, various functions of the local teams are represented. During these meetings experiences and contacts are shared in order to support one another in lettings, but also in acquisitions and divestments. Furthermore, this ensures that Vastned will be better able to assist retailers in their expansion plans. Vastned also invites external speakers to these meetings to give their expert opinions on particular subjects, for example developments in the luxury retail market, expansion plans of retailers and developments in the area of sustainability.

EMPLOYEES

Employees play a crucial role in the transformation to a high-quality portfolio and therefore in the effective execution of the strategy. It is important for Vastned to rally its employees and get everybody to jointly move forward. That is why Vastned is investing in training, health and social engagement of its employees.

Employees are encouraged to regularly freshen up their knowledge and take relevant courses. 20 employees took courses in 2016. In addition, Vastned offers the employees at its Dutch office a (free) healthy lunch consisting of organic products. After the relocation to Amsterdam Vastned purchased five Vastned bicycles, so that employees can move about in Amsterdam without having to use their car. Vastned also pays half of employees' gym or sports club memberships. 31% of the employees are currently making use of this. Vastned employees have the opportunity to take one day a year off to devote to volunteer work, because it recognises the importance of contributing to society, but wants to leave it up to its staff to choose the cause they wish to support.

Every year, a performance review is held with every employee. During these meetings challenging targets are set in mutual consultation that are geared both to Vastned's objectives and to the employee's competences. This aligns the employees' personal development with Vastned's interests.

As an additional incentive Vastned grants variable bonuses to its staff, which are determined based on the degree to which targets are achieved. All employees are encouraged to buy Vastned shares by giving a 10% discount on the share price on the date the shares were bought. In this way, Vastned tries to further align the interests of the employees and the shareholders.

TOTAL NUMBER OF EMPLOYEES DURING THE YEAR (FTES)	2016	2015
Amsterdam, Netherlands		
• Board and staff	13	13
• Country team	14	14
Paris, France	11	12
Antwerp, Belgium	8	10
Madrid, Spain	1	1
Istanbul, Turkey	2	2
Average number of FTEs	49	52
Number of staff hired	10	4
Number of staff left	15	8
Male/female at year-end	24/23	21/29
Total	47	50

CONTRIBUTING TO SOCIETY

VOLUNTEER DAY FOR DUTCH TEAM

Unfortunately, more and more elderly people experience loneliness. For this reason, Vastned decided to organise a full day of working with and for elderly people. On 14 December 2016, in collaboration with Present Amsterdam a large part of the Dutch team spent the day with elderly people in residential care home De Venser in Amsterdam Zuid-Oost, where we jointly made Christmas pieces, which was highly appreciated. A similar day will be organised in 2017.

We will also encourage the teams in the other countries to do their bit for charity.

LIVEABILITY OF HISTORICAL INNER CITIES

Vastned contributes to the liveability and preservation of cultural heritage by creating and renovating residential spaces above shops. This enhances quality and extends the functional lifespan of properties. Urbanisation is a clear trend that leads to strong long-term demand for residential units in city centres. Converting unused space above shops into residential housing has great social value that benefits not only people looking for a home, but also our tenants, shareholders and municipalities.

A total of 9 apartments were created or renovated in 2016. One conversion that was planned in The Hague (Noordeinde) was interrupted by the sale of the property.

2016

- **Utrecht, Vinkeburgstraat 8**
  As a result of the renovation the energy label (EPG) of the apartment rose from F to C. This was achieved by insulating all façades and the roof and replacing all single glazing with HR glazing. Furthermore, solely FSC-certified timber was used.

- **Amsterdam, Ferdinand Bolstraat 65-3**
  As a result of the renovation this apartment is expected to be completed with label B (previously G). In the renovation, HR++ double glazing, a HE (high-efficiency) boiler and roof insulation were fitted, and only FSC-certified timber was used. It is scheduled to be completed in Q1 2017.

- **Amsterdam, Eerste Jan v.d. Heijdestraat 88A-3**
  As a result of the renovation this apartment is expected to be completed with label D (previously G). In the renovation, HR++ double glazing, a HE boiler and roof insulation were fitted, and only FSC-certified timber was used. Completion is scheduled for Q1 2017.

- **Maastricht, Grote Staat 59**
  Two apartments were realised on the second, third and fourth floor. This concerns a listed property, so the energy-saving measures are subject to strict regulations and restrictions. For listed buildings, the focus is therefore on restoring them with style and authenticity, thus contributing to the preservation of cultural heritage. For example, the zinc work was restored with existing wooden structures in authentic monumental style. The homes have been fitted with high efficiency boilers.

- **Amsterdam, Leidsestraat 60-62 / Kerkstraat**
  Above the shop two apartments were renovated and two apartments were created. This property, too, is a listed building. Savings have been achieved through a number of changes to installations (HE boiler) and fitting of double glazing. LED lighting has been fitted in the stairwell. It is scheduled to be completed in Q1 2017.

2017

The following residential projects are scheduled for 2017:

- **Utrecht, Oudegracht 161 / Hekelsteeg:**
  Ten apartments will be created here by converting office floors into apartments.

- **Utrecht, Vinkenburgstraat 2a**
  Three apartments will be created here by converting office floors into apartments.

- **Amsterdam, P.C. Hooftstraat 51**
  One apartment will be renovated here.

REPORTING

INTERNAL

When necessary, but at least once per quarter Vastned will convene a sustainability meeting in which the CSR taskforce headed by the CEO discusses different subjects, such as:

- progress on the realisation of the current objectives;
- potential objectives;
- topical sustainability issues;
- implementation of the CSR policy as a whole;
- evaluation of the implementation of the sustainability policy, and
- evaluation of results.

As head of the CSR taskforce, the CEO has the final say on any actions taken. The CSR taskforce is composed of the CEO, a number of management team members and the real estate business analyst. Five sustainability meetings were held in 2016, three of which were attended by the CEO.

EXTERNAL

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

Transparency Benchmark

The Transparency Benchmark is an annual survey conducted by the Dutch Ministry of Economic Affairs concerning the content and quality of CSR reporting of the larger Dutch companies. Vastned commits to reporting to the Transparency Benchmark every year. In 2016, Vastned realised 16% progress on the Transparency Benchmark. Higher scores were achieved in the Company & Business Model, Management Approach and Clarity categories.

Climate Neutral Group - Offsetting

As announced in 2015, the service provision of the Climate Neutral Group was expanded as of 2016 to the other Vastned offices in Belgium, France, Spain and Turkey. Vastned collaborates closely with the Climate Neutral Group in order to report and offset its carbon footprint by purchasing CO_2 credits based on the Gold Standard with the aim of supporting projects that reduce CO_2 emissions and benefits local poulation; this relates to CO_2 emissions from heating, electricity, water and paper usage of all Vastned offices. In addition, all air and train travel and car use (including commutes) by all its staff are offset.

EPRA Sustainability Best Practice Indicators

Vastned highly values transparent communication and has complied with the EPRA Best Practice Indicators Gold Standard for the past six years. As of this year, Vastned will also implement the Sustainability Best Practice Indicators and where possible report accordingly. This is set out on page 137.

Global Reporting Initiative

Vastned has the ambition to start reporting based on the guidelines of the Global Reporting Initiative (GRI) shortly. 2017 will be a transitional year, in which Vastned will prepare to start reporting in accordance with the GRI guidelines as from 2017.

Integrated Reporting

It is Vastned's ambition to gradually and step by step move to Integrated Reporting over a transitional period of one to two years. The ultimate goal is fully integrated reporting.

GRESB

Vastned has looked at the possibilities for reporting in accordance with the GRESB guidelines, and has in fact done so for the past two years. However, the GRESB guidelines have often proved not to be relevant for Vastned and therefore not applicable. For this reason, Vastned has decided for the moment not to participate in GRESB anymore.

DEVELOPMENTS IN 2016

For 2016, Vastned formulated objectives that were aimed at contributing to the liveability of historical inner cities, reducing its environmental impact, promoting the health and well-being of its employees and contributing to society. The table below shows the objectives, along with the results achieved over the past year.

ENVIRONMENTAL IMPACT REDUCTION

OBJECTIVES FOR 2016	RESULTS
Growth of the share of premium city high street shops to 75% of the total portfolio	✓ In 2016, the share of premium city high street shops rose from 68% to 74%.
Growth of the number of properties with an EPC to 65% at end of 2016	✓ The share of properties with an EPC (Energy Performance Certificate), measured in gross rental income, rose from 55% to 67%.
Paper use	✓ The average paper use of all Vastned offices fell by more than 10%. The Vastned offices already mostly used recycled paper. In 2016, virtually 100% recycled paper was introduced to all offices.
Implementation of new green and ethical clause	✓ The implementation of extensive new green and ethical clause in all standard lease agreements was completed. This green and ethical clause is part of the standard lease agreement in all countries. It addresses subjects such as limiting the use of natural resources, circular economy, ILO, international codes and standards of conduct, human rights, child labour and animal welfare.
Raising the number of leases with a green clause for premium city high street shops	✓ 77% of the concluded leases in 2016 on premium city high street shops contained a green lease.
Use of sustainable materials	✓ In renovations, conversions and refurbishments Vastned solely used FSC-certified timber. Furthermore, in principle only high efficiency boilers are installed.
CO_2-reduction through green energy use	✓ Since 2016, all communal areas in the Dutch portfolio for which Vastned itself concludes energy contracts are supplied with electricity generated from Dutch wind turbines and green gas [1].

[1] Based on the internationally recognised Voluntary Carbon Standard

OBJECTIVES FOR 2016	RESULTS
>> Installing 'smart meters'	✓ The process of installing smart meters in the common areas for which Vastned itself normally concludes an energy contract, will be completed in 2017.
Embedded energy	✓ Where possible Vastned has reused materials in renovations and refurbishments.
Expansion of offset through the Climate Neutral Group	✓ The carbon footprint offset through the Climate Neutral Group was expanded to all Vastned offices. Vastned will offset the CO_2 emissions from all Vastned offices for the first time over the year 2016.

PROMOTING THE HEALTH AND WELL-BEING OF THE EMPLOYEES

Providing a 100% organic lunch	✓ In 2016, Vastned again provided a 100% organic lunch to its employees in the Netherlands.
Encouraging employees to do sports	✓ Vastned pays half of the costs of a gym membership for its employees in the Netherlands. • In 2016, this scheme was expanded to the other Vastned offices. • In 2016, 31% of the total FTEs made use of this scheme.
Employees in the Netherlands receive an allowance for supplementary health insurance	✓

CONTRIBUTING TO SOCIETY

Vastned will allow every employee one extra day off to do volunteer work	✓ In 2016, 50% of the employees made use of the possibility to devote one extra day off to do volunteer work. In the Netherlands a volunteer day was organised.
Residential space above shops	✓ In 2016, Vastned created or renovated 9 apartments.
Vastned as a learning environment	✓ In 2016, Vastned provided two internship posts.
Adjustment of policy regarding evaluation meetings and performance reviews.	✓ The policy regarding evaluation meetings and performance reviews has been adjusted. In addition to the annual evaluation meeting, as of 2016 all employees undergo a performance review as well.

OBJECTIVES FOR 2017 1)

For 2017, Vastned has formulated a number of additional objectives that aim to reduce Vastned's carbon footprint and support Vastned's principles and strategy. Next to the objectives in the table below, Vastned will continue to apply the policy to which it has committed itself to in the past, such as the use of sustainable and recycled material in renovations and refurbishments where possible. In 2016, Vastned used a sustainable linseed oil-based paint in the maintenance of Lange Elisabethstraat 6 in Utrecht. Unfortunately, due to the long drying time of this paint, its applicability is limited. In 2017, Vastned will start testing organic wall paint in which the traditional binding agent based on fossil ingredients is replaced by a binding agent based on residual waste from potatoes. By using this paint, Vastned contributes in a sustainable way to the preservation of the historical value of cultural heritage.

As in 2016, Vastned will continue encouraging employees to do sports by paying half of the costs of a gym membership. And because Vastned believes in healthy food, it provides its employees in the Netherlands a daily organic lunch.

Furthermore, the application DocuSign will be implemented in 2017 for internal documentation and agreements, which will advance the digitisation within Vastned and help to reduce paper use.

	OBJECTIVES FOR 2017	EXPLANATION
ENVIRONMENTAL IMPACT REDUCTION	Number of properties with an EPC to rise to 70% at end of 2017	Vastned will continue labelling the property in the portfolio in order to be able to measure the energy performance of the portfolio.
	Raising the number of leases with a green clause for premium city high street shops	In 2016, 77% of the newly concluded leases for premium city high street shops contained a green clause. In 2017, we will retain the objective that the largest possible part, but at least two thirds, of the leases concluded for premium city high street shops must contain a green clause.
	Energy saving programme in collaboration with Climate Neutral Group	As of 2017, Vastned will actively approach retailers in collaboration with the Climate Neutral Group and help them to promote energy savings. Vastned has worked with the Climate Neutral Group for a number of years and is keen to set new steps in collaboration with them. The objective is to stimulate 20 retailers to implement energy savings.
	Installing 'smart meters'	In 2016, smart meters were installed in a large part of the common areas for which Vastned concludes energy contracts itself. This process will be continued in 2017. Vastned also aims to improve the measurability of the complete portfolio. In 2017, Vastned will consult with retail tenants on this, since they are responsible for the energy contracts. Vastned will offer them to install smart meters, so that their energy consumption can be measured and ways can be found to reduce their energy consumption.
CONTRIBUTING TO SOCIETY	Residential space above shops	In 2017, Vastned will endeavour to create 13 apartments and renovate one apartment.
	Vastned as a learning environment	In 2017, Vastned will provide two internship posts. In doing so, the company will try to reflect the diversity of society in the working environment.

1) For definitions regarding sustainability see page 254.

CORPORATE GOVERNANCE

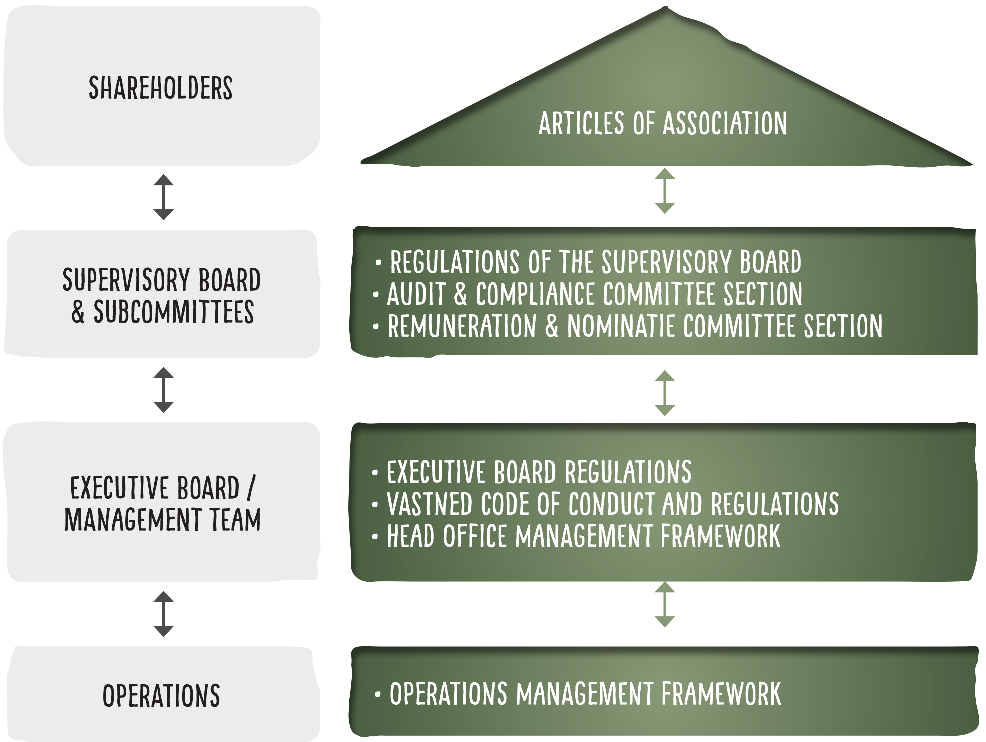
It is Vastned's ambition to match European 'best in class' companies in the area of corporate governance. This section contains an overview of Vastned's governance structure and the information required pursuant to the Dutch Corporate Governance Code (the 'Code'). Deviations from the Code must be explained in accordance with the 'apply or explain' principle.
The Code as applicable in 2016 can be inspected on www.commissiecorporategovernance.nl. On 8 December 2016, a revised version of the Dutch Corporate Governance Code was published. In the course of 2017 Vastned will evaluate the new Code and determine to what extent it already complies with or can ensure that it applies with the requirements of the Code.

GOVERNANCE STRUCTURE

Vastned is a public limited liability company under Dutch law. Vastned shares are listed and are traded on Euronext Amsterdam. Vastned has a 'two-tier' board system, that is to say that it has a separate Executive Board and Supervisory Board. Each of these bodies has its own role and responsibilities and both account to the Annual General Meeting of shareholders.

Due to the limited number of employees in the Netherlands, Vastned is not seen as a so called 'structuur-vennootschap' (article 2: 161 Dutch Civil Code).

Vastned's governance structure can be represented schematically as follows, and is further detailed in the paragraphs below.



A list of participations, joint ventures and suchlike is included in the notes to the financial statements on page 207 and following.

The Executive Board requires approval from the Annual General Meeting to issue or purchase shares. On 20 April 2016, the Annual General Meeting authorised the Executive Board conditionally and subject to approval until 20 October 2017 to:

1) issue shares or grant rights to acquire shares up to a maximum of 10%, and in the event of mergers and takeovers with an additional maximum 10%, of the share capital in issue on 20 April 2016;

2) limit or exclude pre-emptive rights when issuing shares or granting rights to acquire shares; and

3) acquire shares in the capital of the Company. The purpose of this authority is to give the Executive Board the power to buy-back the Company's own shares in order to reduce the capital and/or perform obligations arising from share schemes or for other purposes which are in the interests of the Company. The proposal is made in accordance with 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 listed on the Euronext Amsterdam N.V. Stock Exchange, calculated over five trading days preceding the day of purchase. Shares may be acquired up to a maximum of 10% of the share capital in issue on 20 April 2016.

MANAGEMENT OF THE COMPANY

EXECUTIVE BOARD AND OTHER MEMBERS OF THE MANAGEMENT TEAM

Main tasks of the Executive Board
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, development of the results and aspects of sustainability 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 together with the Managing Director Operations & Investments, General Counsel, the Investor Relations Manager and the Company Lawyer make up the management team.

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 was 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. If not, 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 Executive Board
- Taco de Groot, statutory director, CEO
- Reinier Walta, statutory director, CFO

Composition other members of the management team
- Arnaud du Pont, Managing Director Investments & Operations
- Marc Magrijn, General Counsel / Tax Manager
- Anneke Hoijtink, Investor Relations Manager
- Peggy Deraedt, Company Lawyer

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

Remuneration of the Executive Board
The 2016 remuneration report for the Executive Board and the Supervisory Board is included on page 227 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/investor_relations/aandeelhouders_vergadering

Share ownership Executive Board
See Chapter 3 on page 40 of this annual report.

Schedule for potential reappointment Executive Board

Name	Date first appointment	Date re-appoint-ment(s)	Latest year of resignation
Taco T.J. de Groot	2011	2015	General meeting of shareholders 2023
Reinier Walta	2014		General meeting of shareholders 2026

SUPERVISORY 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 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 of the votes was 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.

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 a maximum of three four-year terms.

A Supervisory Board member may be suspended or dismissed at any time by means of a resolution of the Annual General Meeting adopted by an absolute majority of the votes, provided that the proposal for suspension or dismissal was put forward by the Supervisory Board. If not, 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.

COMPOSITION OF THE SUPERVISORY BOARD
- Marc C. van Gelder, chairman;
- Jeroen B.J.M. Hunfeld, vice-chairman;
- Charlotte M. Insinger; and
- Marieke Bax.

The curricula vitae of the Supervisory Board members and the reappointment schedule are presented in the Report of the Supervisory Board on page 26.

REMUNERATION OF THE SUPERVISORY BOARD
The 2016 remuneration report for the Executive Board and the Supervisory Board is included on page 227 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/investor_relations/aandeelhouders_vergadering

SCHEDULE FOR POTENTIAL REAPPOINTMENT

Name	(Re-) appointments	End of current term	Latest year of resignation
Marc C. van Gelder	2015	2019	General meeting of shareholders 2027
Jeroen B.J.M. Hunfeld	2007 2011 2015	2019	General meeting of shareholders 2019
Charlotte M. Insinger	2015	2019	General meeting of shareholders 2027
Marieke Bax	2012 2016	2020	General meeting of shareholders 2024

TASKS OF THE SUPERVISORY BOARD

The Supervisory Board supervises the day-to-day management conducted by the Executive Board and assists the Executive Board with advice. The Supervisory Board bears responsibility for the quality of its own performance. Vastned provides the Supervisory Board with the resources necessary to perform its tasks. The tasks and focus areas of the Supervisory Board include:

- the 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;
- the publication of, compliance with and upholding of the corporate governance structure of the Company;
- relations with shareholders; and
- the social aspects of conducting business that are relevant for the Company.

Every 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 tasks, reference is made to the regulations drawn up by the Supervisory Board, which can be inspected on the Company's website.

▶ **www.vastned.com/corporate-governance/regulations_and_codes**

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.

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. In purchasing and selling shares, they will comply with the regulations adopted by the Company as meant in Article 5:65 of the Financial Supervision Act. Transactions are also reported to the Netherlands Authority for the Financial Markets in compliance with the relevant regulations. At year-end 2016, two members of the Supervisory Board held shares in Vastned (see page 40).

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Vastned is committed to upholding the highest standards in the area of corporate governance, including compliance with the Code and its principles. In the interests of the transparency that is inextricably linked to corporate governance, Vastned continues its policy of extensively reporting in the annual report on the way in which its corporate governance functions, and the extent to which the Company complies with the Code.

Vastned affirms that it complied with all 113 best-practice provisions of the Code throughout 2016.

Any change to the corporate governance structure and compliance with the Code will be placed on the agenda of the Annual General Meeting of shareholders. The Company makes its corporate governance documents, such as the articles of association and the Supervisory Board regulations, on its website.

▶ **www.vastned.com/corporate-governance/regulations_and_codes**

INDEPENDENCE AND CONFLICTING INTERESTS

Vastned considers it very important for the members of the Executive Board and the Supervisory Board to act independently, without any conflicting interests. It has adopted a number of regulations and codes to ensure this.

During the 2016 reporting year the members of the Executive Board and the Supervisory Board were independent and there were no conflicts of interest within the meaning of the Code or applicable laws and regulations. As a result, Vastned complies with best-practice provision III.2.1 of the Code.

INDEMNITY

The conditions attaching to the indemnity of the members of the Executive Board and the Supervisory Board against liability claims from third parties are laid down in the articles of association of the Company and extend to all their members. In 2016, the members of the Executive Board and the Supervisory Board were adequately insured for directors' liability and external liability.

ANNUAL GENERAL MEETING AND VOTING RIGHTS

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

- a detailed report by the Executive Board on the past financial year, with notes on the strategy and the state of affairs;
- the dividend and reservation policy;
- corporate governance developments within Vastned; and
- the remuneration report for the past financial year.

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

- adoption of the financial statements for the past financial year;
- (final) dividend declaration for the past financial year;
- the issue or purchase of Vastned shares;
- discharge of the members of the Executive Board for the management conducted during the past financial year;
- discharge of the members of the Supervisory Board for its supervision of the management conducted by the Executive Board during the past financial year;
- (re)appointment of a member of the Supervisory Board or the Executive Board;
- amendments to the articles of association; and
- the adoption of the remuneration policy.

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 contents and publication of the semi-annual figures, the financial statements 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 financial statements. The external auditor in all cases attends the meetings of the Supervisory Board and/or the audit and compliance committee in which the financial statements are discussed. 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.

▶ **www.vastned.com/en/corporate-governance/articles_of_association**

PARTICIPATION AND VOTES

A high degree of shareholder participation in the Annual General Meetings is considered to be of the greatest importance. Shareholders are encouraged to take part in the meetings and to use the opportunity to pose questions (in advance). They may vote in person, or (digitally) grant a proxy to an independent party if they cannot attend the meeting. The meeting documents, minutes and presentations are placed on the website.

There are no shares with special controlling rights. Every share entitles the holder to one vote in the Annual General Meeting of shareholders. More information about exercising voting rights may be found in the articles of association of the Company and in the convening notices for the respective meetings, all of which may be found on our website.

▶ **www.vastned.com/en/corporate-governance/articles_of_association**
▶ **www.vastned.com/InvestorRelations**

CODE OF CONDUCT, REGULATION ON INCIDENTS AND WHISTLE-BLOWER'S CODE

Vastned reviewed the code of conduct that applies to all employees and the Executive Board, (excluding Vastned Retail Belgium NV) in 2015. The whistleblower's code was also reviewed; this code allows employees and Executive Board members to report abuses within the company without fear for their own employment. Finally, since 2015 a regulation on incidents is in force. The texts of these regulations and codes have been published and may be inspected on Vastned's website.

▶ **www.vastned.com/en/corporate-governance/regulations_codes**

ARTICLE 10, EU TAKEOVER DIRECTIVE

Pursuant to Article 10 of the EU Takeover Directive, companies whose securities are admitted to trading on a regulated market must include information in their annual 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 37 in this annual report. The rights vested in these shares are laid down in the Company's articles of association, which can be inspected on the Company's website. Briefly, the rights conferred on 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 2016, 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 page 40 in the chapter 'Shareholder Information' in this annual report. Under the section 'Share Ownership' a list is set out of shareholders holding an interest of 3% or more at year-end 2016.

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

e) The Company does not have any arrangements in place granting employees the right to subscribe for or acquire new shares in the capital of the Company or any of its subsidiaries.

f) The voting rights vested in the shares in the Company nor the periods for exercising the voting rights are in any way restricted.

g) To the extent the Company is aware, there are no agreements with shareholders that could result in restrictions on the transfer of shares or on the voting right.

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

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

j) The various loan agreements between the Company and external financiers contain change of control clauses.

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

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 2016 annual report. The following announcements should be considered as having been included and repeated here: the disclosure concerning compliance with the principles and best-practice provisions of the Code, including the motivated statement of deviations from the compliance with the Code, which can be found in the chapter 'Corporate Governance' on page 90 and further of the annual report;

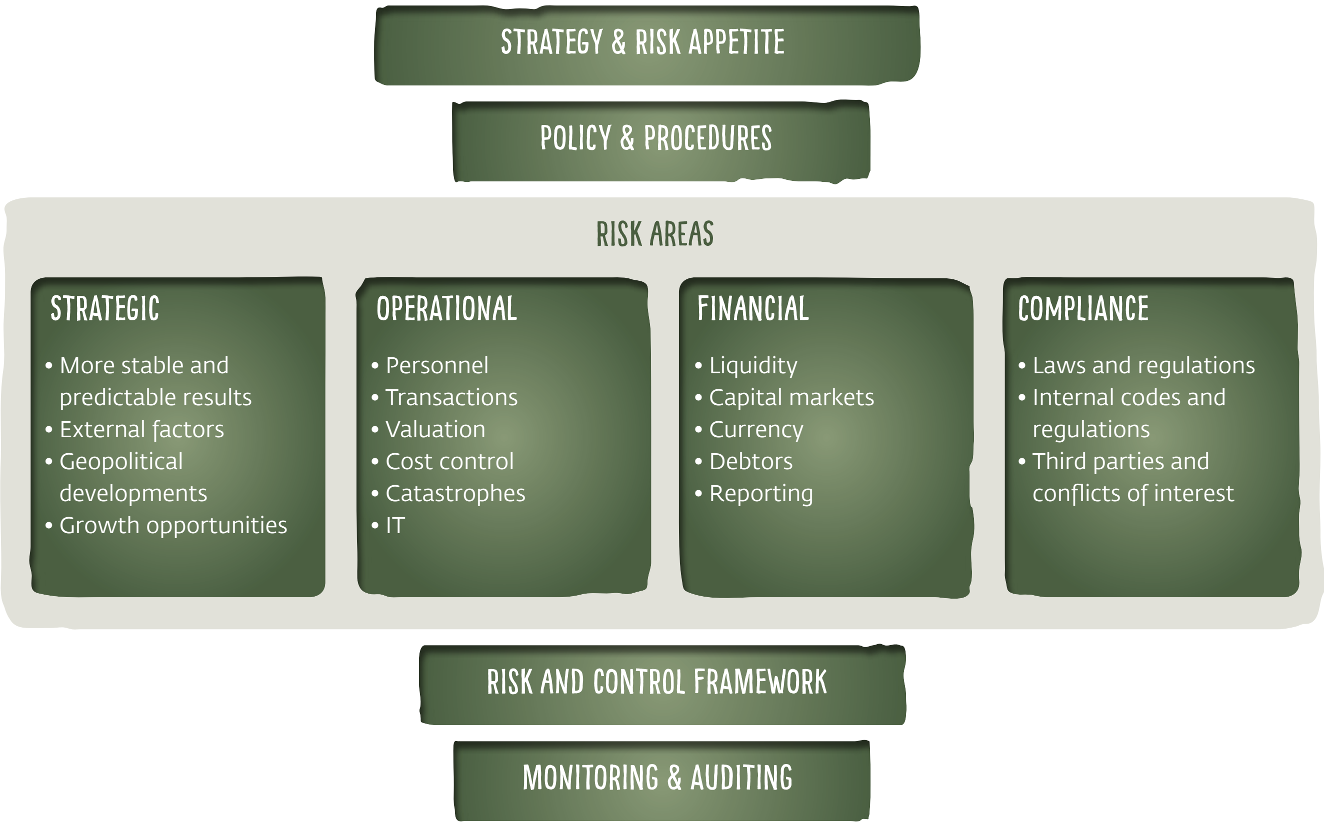
- the disclosure concerning the main features of the risk management and control system relating to the financial reporting process of the Company and the Group, as described in the section 'Risk Management' on page 98 in the annual report;
- the disclosure regarding the functioning of the shareholders' meeting 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 95 of 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 49 and further of the annual report;
- the disclosure regarding the composition and 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 pages 112 and 27 of the annual report respectively;
- the disclosure pursuant to Article 10 of the EU Takeover Directive as included in the chapter 'Corporate Governance' on page 96 of the annual report.

RISK MANAGEMENT

This chapter provides an overview of Vastned's risk management and control system.

The risk management and control system form an integral part of the business operations and the reporting and aim to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified adequately and controlled within the context of a conservative risk profile.

RISK MANAGEMENT WITHIN VASTNED



STRATEGY & RISK APPETITE

Vastned's goal is to invest in retail property in the most popular high streets of big European cities with historical inner-cities in order to realise more predictable and stable results in the long term, and to contribute to the liveability and safety of these historical inner-cities. In pursuit of the realisation of these objectives, Vastned's strategy is based on three pillars: (i) a portfolio that will consist of at least 75% premium city high street shops, (ii) a hands-on, proactive and pragmatic organisation and (iii) a conservative financing strategy. This strategy was set in 2011 and sharpened in 2014.

The execution of this strategy inevitably involves risks. However, the risk appetite within the strategy is conservative, as the fact that Vastned focuses entirely on the best property in selected premium cities testifies. Quality is preferred over growth of the property portfolio. Operational risks should be minimised and Vastned's operational processes are based on best practices.

Vastned's financial policy is best characterised as conservative as the financing strategy in Chapter 'Strategy' shows. The risk appetite on compliance is nil: all laws and regulations must be strictly adhered to. Vastned has formulated clear guidelines for this and laid them down in various codes and regulations.

Concluding Vastned's overall risk appetite is conservative, which is fully in line with its objective of generating more predictable and stable long-term results.

Tone at the top
Vastned's Executive Board and management team consider good risk management as a critical factor in the company's success, and this importance is emphasised internally.

POLICY & PROCEDURES

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

Corporate Governance
Corporate governance is the system based on which an organisation is managed and controlled. For Vastned proper corporate governance is one of the leading factors for successful execution of the strategy. As a listed company, the requirements of corporate governance rules and standards have been translated within Vastned. For a detailed description of the corporate governance at Vastned, reference is made to the chapter Corporate Governance.

General code of conduct and associated regulations
The general code of conduct is a fundamental document for Vastned. It contains the principles that Vastned considers as fundamental: for the company, for the employees, tenants, financiers, business relations, shareholders, society and the interaction between these groups. The code of conduct aims to make employees aware of fair, ethical and transparent conduct by laying down that is and what is not deemed to be desirable behaviour.

In addition to the general code of conduct Vastned has a an incidents scheme and a whistleblowers' code. These regulations are an extension of the code of conduct and assist in the reporting of (alleged) incidents to a person of trust, anonymously (whistleblowers' code) or otherwise. These regulations describe the steps that are followed when (alleged) incidents are reported to a person of trust by an employee. The regulations contribute to ethical awareness within Vastned's company culture.

In 2015, a reviewed incidents scheme was adopted, which took effect on 1 January 2016. The code of conduct, whistleblowers' code, the regulation on private investment transactions, the Executive Board regulations and the Supervisory Board regulations were also reviewed and took effect in the organisation as of 1 January 2016; to the extent relevant, extensive attention was given to a personal and practical introduction.

The full text of these regulations and codes may be inspected on Vastned's website.

RISK AREAS

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

STRATEGIC RISKS

The strategic risks relate to the realisation of more stable and predictable results, timely anticipation on external and geopolitical events and ensuring that the growth possibilities of the share of premium city high street shops are not restricted.

More stable and predictable results
A key choice made in the development of the strategy in 2011 was to offer shareholders more stable and predictable results. There is a general strategic risk that the choices of investment country, investment type, relative size and time of investment do not lead to more stable and predictable results.

To mitigate this risk, Vastned only invests in the best properties in the popular shopping streets (high streets) in selected premium cities. At year-end 2016, the share of premium city high street shops was 74% of the total portfolio. Additionally, Vastned follows a highly rigorous acquisition process in which it must be clear for every property how it fits into the portfolio and how it will contribute to the long-term results. The present portfolio is under constant scrutiny and properties that no longer fit the Vastned profile will be divested.

In order to offer more stable and predictable results, a strategic choice has been made for a conservative financing strategy, aiming to limit debt financing to between 40% to 45% of the market value of the property portfolio, and up to one third of the loan portfolio will have a floating rate.

External factors
There is a strategic risk that Vastned is unable to adequately respond to external factors. There is an inherent risk that the choice of investment country, investment type, relative size and time of investment is impacted by changes in inflation, currency fluctuations, consumer spending, tenancy legislation and permit policies. This may influence the expected rent developments and demand for retail locations and as a result the value development of the investments. External developments are followed closely in the annual strategy sessions and by monitoring developments as they happen, which enables us to respond quickly and adequately.

Geopolitical developments
Vastned is an international company with entities in various countries, so that political developments may impact the results of the company. Geopolitical developments in Turkey have raised Vastned's market risk. This risk has limited impact on Vastned as a whole due to the size of the Turkish property portfolio (maximum 10% of the total property portfolio), and the focus is on retail property in the best high streets of Istanbul. Vastned's investments are located primarily in cities in the eurozone with a relatively stable political and economic climate, being the Netherlands, France, Belgium and Spain.

Growth opportunities
As a stock exchange listed company, Vastned wishes to realise an attractive return for its shareholders. It is Vastned's ambition to realise further growth in the premium city high street shop segment. There is a risk that limited availability of suitable retail property hampers growth of the share of premium city high street shops. This risk is an explicit topic of strategy meetings and the business plan that is drawn up by the Executive Board and approved by the Supervisory Board. Progress on the execution of the strategy and the business plan is evaluated quarterly in consultation with the Supervisory Board.

OPERATIONAL RISKS

Operational risks are risks that arise from possibly inadequate processes, people, systems and/or (external) events. The main operational risks facing Vastned are related to the quality of its staff and consultants, the execution of transactions, the quality of the valuations, control of the IT environment, catastrophes and cost control.

Quality of employees and consultants
In the preparation of the strategy, having the right organisation was defined as one of the pillars. Recruiting and retaining the right employees is therefore of the greatest importance for Vastned. However, the size of the organisation, labour market scarcity, scarcity of qualified employees and geographical location may impede recruitment of the right employees. Working with inadequately qualified employees may impede realising strategic objectives. The same applies to selecting the right consultants.

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

Furthermore, Vastned works exclusively with internationally and nationally reputed consultants that have proven experience in the area for which they are engaged. Therefore, price is not a decisive factor for choosing one consultant over another.

Execution of transactions
The execution of transactions involves various risks, such as risks arising from transactions and (external) events, incorrectly performed (divestment or) investment analyses and risk that a property due to its nature and location and/or tenant quality cannot be leased at the projected rent (resulting in vacancy) or that the rent cannot be collected.

Possible consequences of incomplete control of these risks are: incorrect assessment of the risk return profile, late investment or divestment, a negative impact on (future) net rental income inter alia as a result of vacancy and associated non-chargeable service costs, and unexpected negative value movements resulting in lower (than expected) direct and indirect results.

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

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

The quality of the property valuations
There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may result in a lower indirect result, reputation damage and potential claims for making misleading statements to stakeholders. This risk is mitigated by preparing all property valuations in accordance with an internal appraisal policy and executed by internationally reputed external appraisers, who are rotated every three years. In these appraisals, the bigger properties with an expected value of at least € 2.5 million are appraised every six months by internationally reputed appraisers. Smaller properties (< € 2.5 million) are appraised externally once a year, spread evenly across the half years.

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

Catastrophe risk
The catastrophe risk is the risk that a catastrophe causes extensive damage to one or more properties with the potential consequence of loss of rent, a lower direct and indirect result, and claims and legal proceedings from tenants. 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 relet. Separate earthquake coverage has been taken out for the property portfolio in Istanbul.

Control of the IT environment
Effective control of the risks associated with the functioning and security of the internal IT infrastructure is of vital importance for Vastned. The impact of incomplete control of IT risks may comprise not being able to report promptly or correctly internally or externally, loss of relevant information, unauthorised access to information by third parties, and reputation damage.

This risk is mitigated by the regulations Vastned has in place that focus on access security, back-up and recovery procedures, periodic checks by external experts, digitisation of key documents and hiring of external knowledge and experience to stay up-to-date with IT developments.

FINANCIAL RISKS

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

Liquidity risk
The liquidity risk is the risk that insufficient means are available for daily payment obligations. The potential impact is that the company suffers reputational damage or that additional financing costs arise, which may lead to a lower direct result.

The treasurer monitors the cash flow policy and draws up daily cash flow projections. The principles of the cash flow policy are laid down in the treasury regulations, which are periodically reviewed by the treasurer and the Executive Board, and approved by the Supervisory Board.

Capital market risks
Capital market risks include the (re)financing risks and the interest-rate risk. The (re)financing risk is the risk that insufficient equity or (long-term) debt can be raised, or only at unfavourable conditions, or that the agreed debt covenants are breached; with the consequence that there is insufficient financing room for investments, that property must be divested or that financing costs rise, which can potentially lead to a lower direct and indirect result or reputational damage.

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

In order to mitigate the above risks, Vastned has put in place the following control measures:

- Limiting debt financing to 45% of the market value of the property;
- Limiting the share of short-term loans to 25% of the loan portfolio;
- The company strives to spread its financing over multiple banks and other sources, such as private bond placements. The share of non-bank financing must be over 25%;
- No more than a third of the loan portfolio has a floating interest rate;
- Internal monitoring 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 and compliance committee and the Supervisory Board.

Currency risk
Currency risks are related to risks that arise as a result of currency fluctuations with as potential impact falling revenues, leading to a lower direct and indirect result.

Vastned is not exposed to currency risks because the majority of the investments is in the eurozone. However, a maximum of 10% of the total invested capital is invested in Istanbul, Turkey. The vast majority of the currency risk in Turkey, however, is mitigated by concluding leases in euros.

Debtor risk
The debtor risks relates to loss of rental income due to payment defaults and bankruptcies, leading to a lower than expected direct and indirect result.

To mitigate the debtor risk, Vastned screens tenants before concluding leases. In addition, the financial position and payment behaviour of tenants are monitored through periodic meetings with tenants and examination of external sources. Tenants must also provide bank guarantees and/or make guarantee deposits. Vastned holds quarterly debtor meetings, in which decisions are made on provisions for doubtful debtors. The Executive Board monitors the debtor lists monthly.

Reporting risk
The reporting risk relates to the impact of incorrect, incomplete or late provision of information for internal decision-making or that of external parties, such as shareholders, banks and regulators, which may lead to reputation damage and potential claims for making misleading statements to stakeholders.

A solid system of internal control measures and administrative organisational measures has been implemented at Vastned. 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 whore are periodically rotated, internal IRR analyses and internationally accepted appraisal guidelines);
- Periodic business report meetings in which the reports on the operational activities are discussed in detail with the country managers;
- Group instruction on accounting principles and reporting data, as well as internal training in the area of IFRS and similar; and
- Periodic board consultation and discussion of the results of the external audit with the audit and compliance committee and the Supervisory Board.

COMPLIANCE RISKS

Compliance risks are risks associated with non-compliance or inadequate compliance with laws and regulations or unethical actions, with potential consequences like reputational damage, claims and legal proceedings, giving rise to a lower direct result. Effective control of compliance risks is of vital importance to a property company such as Vastned in view of the historical general behavioural risk in the property sector.

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

Vastned has an internal tax policy in which the risk appetite and the general principles on tax are laid down. Control measures and administrative organisational measures have been implemented in various areas of taxation. Internal procedures include:

- Evaluation of contractual commitments by internal and, where necessary, external tax lawyers;
- 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; and
- Careful analysis of tax risks involved in acquisitions and divestments, including turnover tax, transfer tax, deferred tax liabilities and related issues.

Laws and regulations / codes and regulations
As stated earlier, Vastned has a general code of conduct and related regulations in place. Deviations from the code of conduct and unethical behaviour may result in reputational damage and claims and legal proceedings, leading to higher costs and a lower direct result.

Vastned has implemented internal procedures and training aimed at keeping knowledge of laws and regulations up-to-date. The general code of conduct, the incidents scheme and the whistleblowers' code are up-to-date. Compliance with the Code of Conduct is discussed at least once a year with employees, at which time they are explicitly asked to sign for compliance with the Code. Country managers sign an internal representation letter at least once a year.

Third parties and conflicts of interest
Insufficient knowledge of tenants, sellers, buyers or parties acting on Vastned's instructions bears the risk that business is done with persons who harm Vastned's reputation. In addition, conflicts of interest of and between employees and third parties may cause reputational damage, claims and legal proceedings, leading to higher costs which may lower the direct result.

As part of the due diligence process, third parties must be screened in accordance with an internal due diligence policy. The findings are included in the due diligence report for the Executive Board uses to base its decision on. Conflicting interests are included in the general code of conduct (see General code of conduct and associated regulations).

RISK AND CONTROL FRAMEWORK

In 2015, the existing risk management and control systems were reviewed and a comprehensive risk and control framework was set up. In 2016, the comprehensive risk and control framework was implemented and further sharpened. The comprehensive risk and control framework is divided into four risk areas: strategic, operational, financial and compliance risks. The framework identifies the probability that a risk occurs and what its impact might be. Finally, an owner has been appointed for each risk that is responsible for the implementation of control measures.
In addition, an update of the framework for the administrative organisation and internal control was carried out and a clear link with the comprehensive risk and control framework was made.
Each year the Executive Board performs an analysis of the potential risks attached to achieving the strategic and other objectives. This analysis is part of the annual business plan and is discussed with the Supervisory Board. Based on the outcome of the discussions with the Supervisory Board, the risk and control framework will be adjusted annually.
Every quarter, based on a dashboard the Supervisory Board is updated on the progress of the control of the improvement measures.
Supplementary to the risk and control framework, fraud risk factors have also been assessed. The identified fraud risks relate to the following risk areas:

- quality of employees and consultants;
- execution of transactions;
- the quality of the property valuations;
- cost control;
- control of the IT environment;
- reporting risks; and
- third parties and conflicts of interest.

We consider the control measures which have been taken to control the risks mentioned above as sufficient and adequate to control any possible fraud.

MONITORING & AUDITING

MONITORING

Based on the review of the risk management and control system, an extensive check was carried out in 2016 of the control measures that are in place within Vastned This review did not highlight any substantial findings. However, some adjustments were made to the control system in the context of the further streamlining of processes within Vastned.

As indicated, Vastned also has procedures in place to report incidents, either anonymously or otherwise. No integrity incidents were reported in 2016.

AUDITING

Every year the audit and compliance committee discusses how the audit function within Vastned should be given shape. In 2016 it was determined that the internal audit function will be outsourced to a high-quality independent external party. In view of the limited complexity of daily transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable in terms of risk management.

The external party was instructed to test the functioning of the various internal procedures in the various countries in random checks. In addition, finance and accounting specialists from head office visit every country office at least twice a year.

In 2016, the Executive Board in consultation with the audit and compliance committee after an extensive selection process hired BDO Consultants BV to perform the internal audit in the years 2016 through 2018. In 2016, the Executive Board drew up an audit plan in consultation with BDO Consultants BV and the audit and compliance committee. Based on this plan BDO carried out a check of the general functioning of the risk and control framework. The organisation in Istanbul was also audited. These audits did not highlight any significant findings.

REPRESENTATION LETTERS

At least once a year, the country managers sign a representation letter, in which they state that to the best of their knowledge:

- they have taken all reasonable measures to ensure that both they themselves and their employees have complied with Vastned's Code of Conduct and administrative organisational procedures, and that there are no conflicts in this area;
- The system of intern controls functions adequately and effectively;
- That the reporting and financial administration fully, fairly and accurately reflect the transactions and do not contain any material inaccuracies or are misleading in any other way;
- They have brought all events that may have a material impact on the financial statements to the attention of the Executive Board and have been included in the reports;
- All contractual obligations that may impact current and future activities have been complied with;
- that there are no unasserted claims of which their lawyer has advised them are probable of assertion and should be disclosed;
- The country organisation has not in any way provided or guaranteed loans to employees or their families; and
- There have not been any events after balance sheet date that would require adjustment to or disclosure in the financial statements.

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 2016 (ceteris paribus).

MOVEMENT	EFFECT
• 100 basis point interest rate increase	• Direct result € 0.02 negative per share
• 50 basis point interest rate decrease	• Direct result € 0.04 negative per share
• Rise of net initial yield used in appraisals of 25 basis points	• Indirect result € 4.08 negative per share, loan-to-value ratio 235 basis points negative
• 100 basis point decrease of the occupancy rate	• Direct result € 0.04 negative per share

RESPONSIBILITY STATEMENT

IN RESPECT OF ARTICLE 5.25C OF THE FINANCIAL SUPERVISION ACT

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

- the 2016 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 supplementary 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 developments during the reporting period of Vastned and its consolidated subsidiaries; and
- the material risks to which Vastned is exposed are described in this annual report.

Amsterdam, 8 March 2017

The Executive Board of Vastned Retail N.V.
Taco T.J. de Groot, CEO
Reinier Walta, CFO

FIAC

ART AT THE HUMAN SCALE

Every year in October the Paris buzz grows even stronger than usual. The reason for that is the FIAC, the international contemporary art fair. It's a meeting point for everybody who is interested in present-day art. The FIAC's signature is: art at the human scale.

Along with the art fairs of Cologne and Basel, the FIAC is among the oldest in Europe and a serious competitor to the big London Frieze Art Fair, but most of all it is a rendez-vous of artists, galleries, museums and art aficionados. It is the only art fair in the world at which museums open their doors for artworks that are normally only found in galleries. This creates a unique cross-fertilisation between public and private parties in the art sector. The FIAC is also a fascinating mix of renowned galleries with traditional artworks and more innovative galleries that are setting the tone for the present or even represent tomorrow's generation. This diversity is what is so special about FIAC.

In 2016, the 43rd edition was held. A total of 186 galleries from 27 countries came to the fair, among which 43 new parties including first timers from Hong Kong, Hungary, Japan and Poland. The 2016 FIAC attracted 72,000 visitors, a record for the event. Many big names turned up, such as the Tate Modern, Guggenheim New York and Fondation Cartier. And sales were very good: many galleries reported better figures than the year before. Among the biggest sales were those of Galerie Thaddeus Ropac: a Rauschenberg painting fetched € 1 million, and the Paula Cooper Gallery sold a Rudolf Stingel work for a little over a million.

The Paris art fair is still divided over a number of locations in the city. In 2016, the emphasis was on Le Grand Palais and Le Petit Palais, which were built for the 1900 World Expo. These palaces are separated by a busy street, the Rue Winston Churchill, which for the occasion of the fair was changed to a pedestrian area and became part of the exhibition - a unique event. One artwork that was on display there, painted on the street itself by French artist Jacques Villeglé, was a quote by writer, poet and painter Henri Michaux: 'Art is what helps draw us out of inertia', a wonderful motto for the art fair.

SEE FOR YOUSELF

Don't forget to mark the next edition in your diary: **19 - 22 October 2017**. Over the next few years the FIAC will again be held in Le Grand Palais, until 2020 when it will undergo a major renovation.

5

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

DEAR SHAREHOLDERS, TENANTS, EMPLOYEES AND OTHER RELATIONS,

Monitoring development in the retail landscape had a special point of attention for the Supervisory Board over the past year.

The focus on premium city high street shops ensured that Vastned in 2016 realised good results and that Vastned is better able to withstand the challenges in the present retail landscape. Through targeted acquisitions and divestments the share of premium city high street shops increased from 68% at year-end 2015 to 74% of the total portfolio at yearend 2016. In the area of financing, too, the Executive Board has made good progress: at 41.8%, the loan-to-value ratio remained with the desired range and the financing costs declined sharply.

In 2016 there were extensive discussions between the Executive Board and the Supervisory Board regarding the monitoring of the capital and financing structure, succession planning, the further implementation of the risk and control framework, the transition to the new external auditor and the selection of the internal auditor. On the organizational level it was a year of changes. The Dutch head office moved successfully from Rotterdam to Amsterdam and within the Belgian organisation dedicated management was implemented. Within the Supervisory Board Wouter Kolff stepped down as planned after 10 years as chairman and Marc van Gelder succeeded him as chairman and Jeroen Hunfeld was appointed as vice-chairman. At this place, we thank Wouter Kolff for his important contributions in the various phases of the company.

You can read a detailed account of the policy conducted and the company objectives realised in the Report of the Executive Board on page 49 and following. In this report of the Supervisory Board we account for the way in which we have dealt with our tasks and responsibilities.

COMMITTEE MEMBERS AND ATTENDANCE

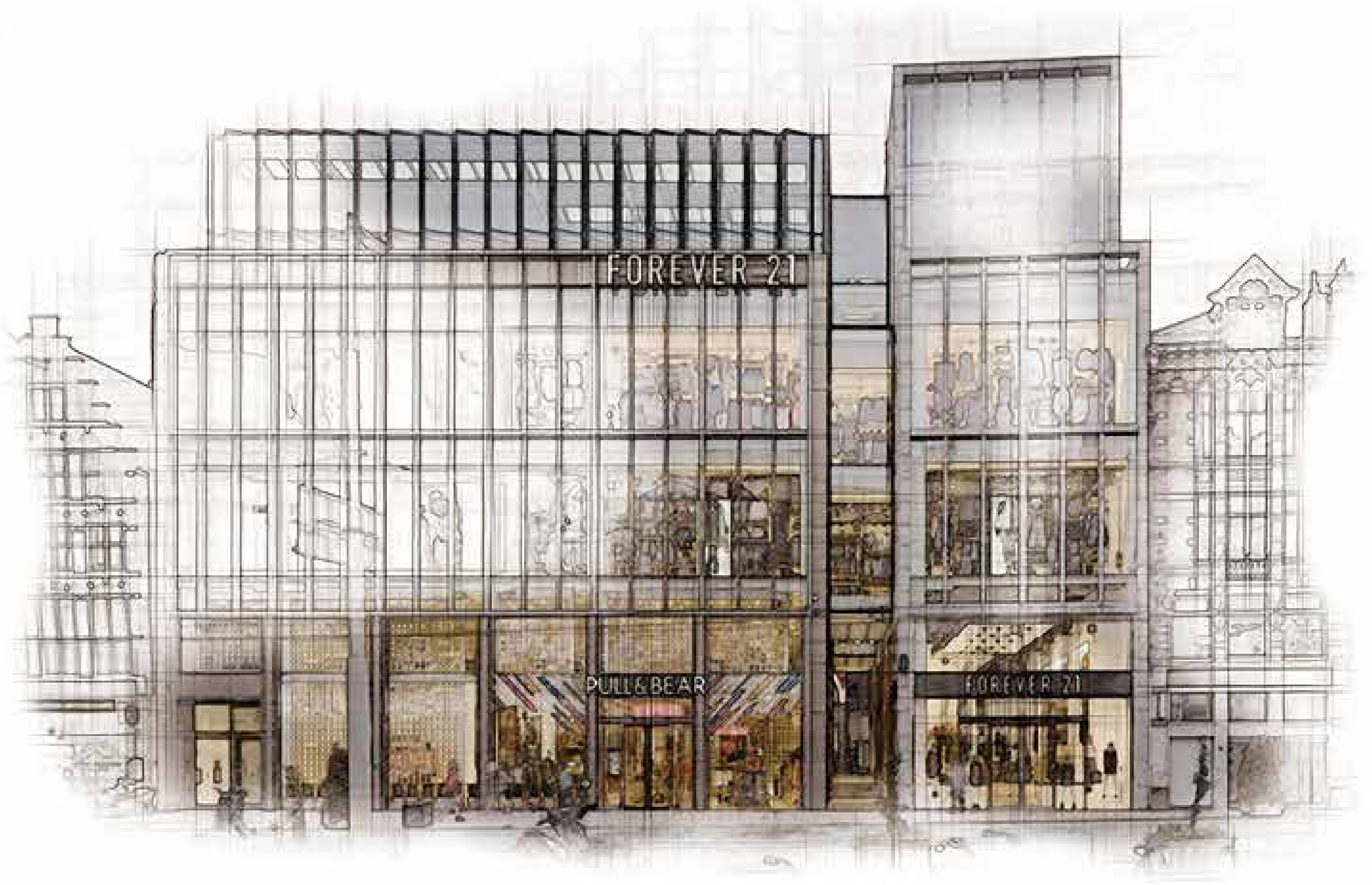
Supervisory Board meetings 2016	regular: 8	Ad hoc: 0
Wouter J. Kolff [1)]	2/2	0/0
Marc C. van Gelder [c)]	8/8	0/0
Charlotte M. Insinger	8/8	0/0
Marieke Bax	8/8	0/0
Jeroen B.J.M. Hunfeld	8/8	0/0

1) retired on 20 April 2016
c) chair

Other parties attending (parts of) meetings of the Supervisory Board were the CEO, CFO, the General Counsel, external auditor EY and internal auditor BDO.

2016 HIGHLIGHTS

- Tightening of strategy and approval business plan 2017-2019
- CSR policy and objectives
- Sale of Dutch non-strategic assets (€ 66 million)
- Monitoring of capital and financing structure
- Supervisory Board and Executive Board succession planning
- Further implementation risk and control framework
- Transition external auditor
- Selection internal auditor
- Working visit to Belgian organisation
- Financial statements 2015 and results for 2016
- Self-assessment 2016



2017 PRIORITIES

- Monitoring progress on objectives of business plan 2017-2019
- Monitoring capital and financing structure
- Further improving the quality of the organisation
- Integrated Reporting
- Further implementation of CSR policy
- Evaluation of impact new Dutch Corporate Governance Code

SUPERVISORY BOARD COMMITTEES AND TASKS

The Supervisory Board was supported in 2016 by two committees: the audit and compliance committee and the remuneration and nomination committee. An extensive description of the tasks and activities of the Supervisory Board can be found on Vastned's website:

▶ www.vastned.com/corporate-governance/regulations_and_codes

GENERAL AND WORKING METHODS

In 2016, the Supervisory Board met eight times in total. During these meetings, regular recurring subjects were discussed and evaluated, including financial results and the operational state of affairs, as well as reports on these issues in press releases.

To ensure sound decision-making the Executive Board supplied information to the Supervisory Board promptly at all times. During all meetings, the Supervisory Board was informed about positive and negative developments concerning the company.

Between the regular meetings there was extensive ad hoc contact between individual members of the Supervisory Board and the members of the Executive Board. 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 and compliance committee also had extensive contact with the CFO. Individual members of the Supervisory Board visited several of Vastned's retail locations both in the Netherlands and abroad and talked to the sales staff. In early 2016, the entire Supervisory Board made a working visit to Belgium during which they got to know the Belgian organisation and surveyed the Antwerp property portfolio.

The General Counsel acts as secretary both to the Executive Board and to the Supervisory Board. He also deals with the normal organisational tasks of the Supervisory Board and provides individual support to the members of the Supervisory Board, specifically to its chairman.

NOTES ON MEETING AGENDA ITEMS AND OTHER INFORMATION

BUSINESS PLAN

Every year, the Supervisory Board discusses the business plan for the next two years with the Executive Board, including a detailed financial plan, and subsequently approves it. Progress on the targets set out in the business plan and progress on the strategy is monitored at least quarterly.

The Supervisory Board notes that the Executive Board in 2016 realised excellent results in the execution of the business plan. For example, the share of premium city high street shops increased to 74% (2015: 68%), the properties were concentrated further, the diversification of financing continues to be very positive with 45.6% non-bank debt, and the loan-to-value ratio remained within the desired bandwidth. Progress was also made in the area of entrepreneurship and on improving the quality within the organisation, by attracting new employees, through training and by further strengthening internal knowledge exchange.

2015 FINANCIAL STATEMENTS

During 2016 the results for the 2015 financial year and the 2015 financial statements were discussed. At year-end 2016, EY's management letter for 2016 was discussed with the Supervisory Board. No issues were raised in the report and the management letter that warrant mention in this report.

(RE)APPOINTMENTS TO THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

Last year, one member was reappointed to the Supervisory Board, and the chairman retired as planned. Marieke Bax was reappointed for a period of four years. There were no reappointments on the Executive Board. Wouter Kolff stepped down as planned from the Supervisory Board during the 2016 Annual General Meeting of shareholders. Marc van Gelder succeeded him as chairman and Jeroen Hunfeld was appointed as vice-chairman.

RISK MANAGEMENT

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, during all regular meetings attention was devoted to the main risks involved in the business operations of the company based on the risk and control framework implemented at the start of 2016. The setup and functioning of the related internal risk management and control systems were periodically evaluated and discussed with the Supervisory Board. Risks were discussed in the areas of amongst others the valuation process, interest and financing, maintaining rent levels, occupancy rate and debtors (reported in more detail in the chapter Risk Management).

The updating and implementation of the AO/IC procedure were discussed and completed internally, so that this process is now in line with the risk and control framework. The Executive Board and the Supervisory Board believe that the implementation of an updated risk and control framework in the organisation further contributes to being 'in control'.

EVALUATION EXTERNAL AUDITOR

The chairman of the Supervisory Board and the chair of the audit and compliance committee consult at least once a year with the external auditor. EY Accountants ('EY') was appointed as Vastned's external auditor as of the 2016 reporting year. Since this is the first full year of EY's appointment, no evaluation has taken place in 2016, this will be done in 2017. In 2016, the transition from Deloitte to EY was discussed extensively.

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 by several analysts were sent to the Supervisory Board promptly. Vastned annually asks different analysts and investors for their opinion of Vastned's performance in a survey conducted anonymously by an external party. The report based on the survey is immediately shared and discussed with the Supervisory Board.

This information ensures that the Supervisory Board keeps abreast of the focus of shareholders and analysts. In all regular meetings updates were provided on Vastned's performance development compared to the peer group used in the remuneration policy.

RELATIONS WITH SHAREHOLDERS

The Supervisory Board believes that contact between the Supervisory Board and shareholders should primarily take place in shareholders' meetings.

Even so, the Supervisory Board feels that contacts between the company and shareholders outside shareholders' meetings may be important, both to the company and to shareholders. The CEO is the first point of contact for shareholders. The Supervisory Board will ensure that in those cases where this is thought to be beneficial the Company will agree to have talks with shareholders, and on certain issues, such as the area of remuneration, the Board will in fact itself initiate contact with shareholders outside Annual General Meetings.

PERMANENT EDUCATION AND INTRODUCTION

Members of the Supervisory Board may take training courses on all subjects that pertain to exercising supervision; the requirement for training is evaluated annually, which forms the basis for an annual training plan. Throughout 2016, the Supervisory Board explored current international developments, also by inviting leading external speakers, on international capital markets, property markets and retail developments and discussed the impact of these developments on Vastned with the Executive Board. Additionally, the Supervisory Board is informed by Vastned about national and international property developments on a daily basis and frequently on developments in the area of corporate governance.

In the context of permanent education, several members of the Supervisory Board took course modules, including on corporate governance, risk management and reporting andcybersecurity].

SELFASSESMENT SUPERVISORY BOARD

The Supervisory Board annually evaluates its own performance in depth; every three years an external party is brought in to do this. Last year, the Supervisory Board evaluated its own performance as a whole, of the individual members, the chairman and the committees without the presence of external parties.

For this, all members completed a questionnaire (based on an external benchmark) which focused on institutional and procedural aspects such as the composition and the 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 and relations with the Executive Board. In this context, the views of the Executive Board and the General Counsel were also sought. The individual answers questionnaires were collected by the General Counsel and summarised in a general report. The report formed the basis for the Supervisory Board's evaluation of its own performance. The Board discussed the findings of the report with the Executive Board.

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 preparations for meetings by the Executive Board and the collaboration are excellent.

The improvement points from the self-evaluation over 2015 were realised virtually completely in 2016. For example, every meeting now starts with a introductory summary of key events of the past quarter. More meetings are held without the presence of the Executive Board members and contacts with the management tier below the Executive Board were intensified. Finally, the preparatory meetings of the various committees are held well before the meetings of the Supervisory Board, which has improved the effectiveness of the meetings.

The 2016 evaluation highlighted the following suggestions for improvement:

- In the area of permanent education, a more extensive, multi-year curriculum will be compiled for the Supervisory Board.
- Further increase of (in)formal and ad hoc contacts with various disciplines throughout the organisation will be continued, inter alia through working visits and employee presentations during Supervisory Board meetings.

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

COMMITTEE MEMBERS AND ATTENDANCE

Audit and compliance committee meetings 2016	Regular: 3	Ad hoc: 0
Charlotte M. Insinger c)	3/3	0/0
Jeroen B.J.M. Hunfeld	3/3	0/0

c) chair

The audit and compliance committee (A&C) has two members, Charlotte Insinger (chair) and Jeroen Hunfeld. Charlotte Insinger may be qualified as a financial expert within the meaning of the Code.

Other parties attending (parts of) meetings of the audit and compliance committee were the CFO, CEO, the General Counsel, external auditor EY and internal auditor BDO.

2016 HIGHLIGHTS

- Overseeing transition from Deloitte to new external auditor EY
- Selection of internal auditor for 2016-2018
- Internal audit plan 2016 and evaluation of findings
- Further implementation of risk and control framework and completion new AO/IC handbook
- Defining a new tax policy
- Impact of new international tax legislation and tax planning within Vastned
- Review of various internal policy documents including the internal appraisal policy and an IT policy

2017 PRIORITIES

- Monitoring capital and financing structure
- Progress IT security measures
- Progress Integrated Reporting
- Review project plan for new property management system

TASKS

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

- the financial reporting process;
- the statutory audit of the (consolidated) financial statements;
- the risk management of the Company; and
- compliance with laws and regulations and the functioning of codes of conduct.

The audit and compliance committee reports quarterly on its deliberations and findings. It reports at least once a year on developments in the relationship with the external auditor. Once every four years, the performance of the external auditor is assessed in detail.

The full text of the regulation is available on Vastned's website.

▶ **www.vastned.com/corporate-governance/regulations_and_codes**

NOTES ON MEETING AGENDA ITEMS AND OTHER INFORMATION

The audit and compliance committee met three times in 2016. During the reporting year, the audit and compliance committee met on one occasion with EY in the absence of the Executive Board. The committee also frequently consulted outside meetings, both internally and with the Executive Board. In the various meetings many regular topics were discussed in detail, including:

- the 2015 financial statements;
- the (interim) financial reporting for the 2016 financial year;
- various developments in IFRS;
- letting risks;
- financing, interest management and the company's liquidity;
- insurance issues;
- catastrophe and liability risks;
- the company's tax and legal position;
- internal control and the administrative organisation;
- integrity, publicity risks and complaints from shareholders;
- compliance;
- IT risks;
- compliance with other relevant laws and regulations

INTERNAL AUDIT FUNCTION

Annually, the audit and compliance committee discusses how the internal audit function should be given shape. In 2015, it was decided that the internal audit function would be contracted out to a high-quality independent external party. In view of the limited complexity of daily transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable in terms of risk management. Finance and accounting specialists from head office also visit every country office at least twice a year.

Effective as of 2016, Vastned has appointed BDO Consultants BV as internal auditor for a period of three years. The Executive Board and the audit and compliance committee were involved in the selection process.

In 2016, the Executive Board drew up an audit plan in consultation with the audit and compliance committee. Based on this plan, the internal auditor was instructed to audit the testing of the functioning of the risk and control framework implemented in early 2016 as well as the Turkish organisation. This audit did not highlight any significant risks.

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE

COMMITTEE MEMBERS AND ATTENDANCE

R&N meetings 2016	Regular: 2	Ad hoc: 0
Marieke Bax c)	2/2	0/0
Marc C. van Gelder	2/2	0/0

c) voorzitter

The remuneration and nomination committee has two members: Marieke Bax (chair) and Marc van Gelder. Other parties attending (parts of) meetings of the remuneration and nomination committee were the CEO, CFO and the General Counsel.

2016 HIGHLIGHTS

Monitoring remuneration policy for the CEO and CFO

Executive Board development and succession planning

Improving Executive Board evaluation process

Monitoring Business Health Test as part of LTI

2017 PRIORITIES

Continuous monitoring and transparency of the remuneration policy Profile of the supervisory board and preparation

Review of Supervisory Board regulations and Executive Board regulations

Preparation of Supervisory Board remuneration review

Implementation 360 degree evaluation

TASKS

The tasks of the remuneration and nomination committee include:

- preparation of the decision-making on recruitment and selection including drawing up of selection and appointment criteria;
- periodic evaluation of the members of the Executive Board and the Supervisory Board;
- periodic evaluation of the size of the Supervisory Board;
- preparation of the decision-making on the remuneration policy for the Executive Board and the Supervisory Board;
- annual accounting for the remuneration policy in the remuneration report.

The full text of the committee regulations is available on Vastned's website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

NOTES ON MEETING AGENDA ITEMS AND OTHER INFORMATION

The remuneration and nomination met twice in 2016. The main topics regarding nomination were the improvement of the evaluation process for the Executive Board, the preparation for the appointment of a new chairman of the Supervisory Board and the reappointment of Marieke Bax.

The main topics in the area of remuneration were:

- preparation of the remuneration report and placing it on the agenda of the Annual General Meeting;
- monitoring of the remuneration policy for the Executive Board;
- preparation of policy in relation to the Business Health Test as part of the Long-Term Incentive;
- determination of the realisation of the targets for the variable short-term incentive for 2016 and setting targets for 2017. The committee also frequently consulted outside meetings.

PROFILE OF THE SUPERVISORY BOARD AND DIVERSITY

The profile of the Supervisory Board ensures that its composition is appropriate; it may be inspected on Vastned's website.

▶ www.vastned.com/corporate-governance/regulations_and_codes

The Supervisory Board believes that a mixed make-up of the Supervisory Board and the Executive Board in terms of international work experience, gender, age, expertise, experience and background is a key condition for these bodies to function well. Vastned aims for the Supervisory Board and the Executive Board to be at least 30% female and at least 30% male.

The Supervisory Board concludes that the Supervisory Board and the Executive Board in their present composition are a good mix in terms of age, expertise, international experience and background. At year-end 2016, the composition of the Supervisory Board was 50% female, and the two-member Executive Board at year-end 2016 was fully male and therefore did not have the required balance. In new appointments to the Executive Board this aspect will be taken into account.

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

	Year of birth	Gender	International experience	Management experience	Real estate	Finance & investments	Retail marketing	Social/governance	Communication
Marc van Gelder	1961	M	X	X		X	X		X
Charlotte Insinger	1965	F	X	X	X	X			
Marieke Bax	1961	F	X	X		X	X	X	
Jeroen Hunfeld	1950	M	X	X			X		X

REMUNERATION REPORT

The 2016 remuneration report for the Executive Board and the Supervisory Board is included on page 227 of this annual report, and may also be inspected on the Company's website.

▶ www.vastned.com/corporate-governance/remuneration_report

2016 FINANCIAL STATEMENTS AND DIVIDEND

FINANCIAL STATEMENTS

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2016 financial year, as prepared by the Executive Board. The annual accounts have been audited by Ernst & Young Accountants LLP, which issued an unqualified audit opinion. In accordance with the proposal of the Executive Board and the recommendations of the audit and compliance committee, the Supervisory Board advises the Annual General Meeting to:

1) adopt the 2016 financial statements in the form as presented in accordance with Article 27 of the Company's articles of association;
2) grant discharge to the members of the Executive Board for the management conducted in the 2016 financial year;
3) grant discharge to the members of the Supervisory Board for their supervision of the Executive Board during the 2016 financial year.

DIVIDEND POLICY

Vastned's dividend policy is to distribute at least 75% of the direct investment result per share as dividend. In principle, stock dividend will not be distributed. After the conclusion of the first half year, an interim dividend is distributed of 60% of the direct investment result per share.

DIVIDEND PROPOSAL

The Supervisory Board is in agreement with the Executive Board's proposal to distribute a dividend for the 2016 financial year of € 2.05 per share in cash. Taking the interim dividend of €0.73 distributed on 25 August 2016 into account, a final dividend will be declared of €1.32 per share.

ACKNOWLEDGEMENTS

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

Amsterdam, 8 March 2017

The Supervisory Board,
Vastned Retail N.V.

Marc C. van Gelder
Charlotte M. Insinger
Marieke Bax
Jeroen B.J.M. Hunfeld

6

EPRA PERFORMANCE MEASURES

EPRA BEST PRACTICES-RECOMMENDATIONS

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

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

The EPRA BPR Checklist is available on Vastned's website:

▶ www.vastned.com

EPRA PERFORMANCE MEASURES

EPRA performance measure [1]	Page	Table	2016 (x € 1,000)	2015 (x € 1,000)	2016 Per share (x € 1)	2015 Per share (x € 1)
EPRA Earnings	127	1	46,115	49,189	2.42	2.58
EPRA NAV	127	2	829,147	845,355	43.56	44.41
EPRA NNNAV	127	3	793,476	805,347	41.68	42.31
EPRA Net Initial Yield (NIY)	128	4 (i)	4.4%	4.8%		
EPRA 'topped-up' NIY	128	4 (ii)	4.6%	4.8%		
EPRA Vacancy Rate	130	5	2.7%	2.2%		
EPRA Cost Ratio (including direct vacancy costs)	131	6 (i)	21.0%	20.0%		
EPRA Cost Ratio (excluding direct vacancy costs)	131	6 (ii)	19.9%	19.3%		
Capital expenditure	131	7				

1) The EPRA performance measures are calculated on the basis of the definitions published by the EPRA and are included in the list of definitions on page 254.

1 EPRA EARNINGS

	2016	2015
Result according to consolidated IFRS profit and loss account	**33,517**	**65,471**
Value movements in property	15,119	(26,032)
Net result on disposals of property	4,503	(2,704)
Financial expenses	819	817
Value movements in financial derivatives	707	6,459
Movement in deferred tax assets and liabilities	(4,232)	4,303
Attributable to non-controlling interests	(4,318)	875
EPRA Earnings	46,115	49,189
EPRA Earnings per share (EPS) (x € 1)	**2.42**	**2.58**

2 AND 3 EPRA NAV AND EPRA NNNAV

	31-12-2016	Per share (x € 1)	31-12-2015	Per share (x € 1)
Equity Vastned Retail shareholders	804,437	42.26	816,640	42.90
Adjustment for effect of convertible bond loan	-	-	-	-
Diluted equity of Vastned Retail shareholders	804,437	42.26	816,640	42.90
Market value of financial derivatives	5,126	0.27	3,995	0.21
Deferred tax	19,584	1.03	24,720	1.30
EPRA NAV	829,147	43.56	845,355	44.41
Market value of financial derivatives	(5,126)	(0.27)	(3,995)	(0.21)
Market value of interest-bearing loans [1]	(17,284)	(0.91)	(20,260)	(1.06)
Deferred tax	(13,261)	(0.70)	(15,753)	(0.83)
EPRA NNNAV	793,476	41.68	805,347	42.31

1) The calculation of the market value is based on the swap yield curve at year-end 2016 and the credit spreads in effect at year-end 2016.

4 EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD AS OF 31 DECEMBER

	The Netherlands		France		Belgium		Spain/Portugal		Turkey		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Property in operation	684,010	743,190	382,305	338,180	360,935	356,881	87,543	76,463	100,000	133,186	1,614,793	1,647,900
addition:												
Estimated transaction fees	51,485	55,939	29,521	23,765	9,025	8,664	2,450	2,625	3,093	4,119	95,574	95,112
Investment value of property in operation (B)	735,495	799,129	411,826	361,945	369,960	365,545	89,993	79,088	103,093	137,305	1,710,367	1,743,012
Annualised gross rental income	37,913	45,971	16,639	15,845	19,176	18,613	3,282	3,950	7,780	8,508	84,790	92,887
Non-recoverable operating expenses	(5,514)	(5,718)	(1,136)	(1,088)	(1,724)	(1,725)	(214)	(212)	(598)	(562)	(9,186)	(9,305)
Annualised net rental income (A)	32,399	40,253	15,503	14,757	17,452	16,888	3,068	3,738	7,182	7,946	75,604	83,582
Effect of rent-free periods and other lease incentives	562	288	601	308	456	336	-	-	714	-	2,333	932
Topped-up annualised net rental income (C)	32,961	40,541	16,104	15,065	17,908	17,224	3,068	3,738	7,896	7,946	77,937	84,514
(i) EPRA Net Initial Yield (A/B)	4.4%	5.0%	3.8%	4.1%	4.7%	4.6%	3.4%	4.7%	7.0%	5.8%	4.4%	4.8%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.5%	5.1%	3.9%	4.2%	4.8%	4.7%	3.4%	4.7%	7.7%	5.8%	4.6%	4.8%

	Premium city high street shops		High street shops		Non-high street shops		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Property in operation	1,199,930	1,122,975	236,175	285,923	178,688	239,002	1,614,793	1,647,900
addition:								
Estimated transaction fees	71,725	63,520	14,878	18,359	8,971	13,233	95,574	95,112
Investment value of property in operation (B)	1,271,655	1,186,495	251,053	304,282	187,659	252,235	1,710,367	1,743,012
Annualised gross rental income	54,478	52,837	15,775	20,324	14,537	19,726	84,790	92,887
Non-recoverable operating expenses	(4,875)	(4,331)	(2,213)	(2,506)	(2,098)	(2,468)	(9,186)	(9,305)
Annualised net rental income (A)	49,603	48,506	13,562	17,818	12,439	17,258	75,604	83,582
Effect of rent-free periods and other lease incentives	1,607	507	460	256	266	169	2,333	932
Topped-up annualised net rental income (C)	51,210	49,013	14,022	18,074	12,705	17,427	77,937	84,514
(i) EPRA Net Initial Yield (A/B)	3.9%	4.1%	5.4%	5.9%	6.6%	6.8%	4.4%	4.8%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.0%	4.1%	5.6%	5.9%	6.8%	6.9%	4.6%	4.8%

5 EPRA VACANCY RATE

31-12-2016	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	42,486	36,117	157,415	37,913	1,737	40,653	4.3%
France	16,460	14,746	35,435	16,639	358	18,722	1.9%
Belgium	18,900	17,344	92,085	19,176	339	19,131	1.8%
Spain/Portugal	3,452	3,138	3,291	3,282	-	3,677	-
Turkey	8,171	7,710	13,100	7,780	34	7,887	0.4%
Total property in operation	89,469	79,055	301,326	84,790	2,468	90,070	2.7%
Premium city high street shops	53,103	48,417	99,749	54,478	512	59,600	0.9%
High street shops	18,492	15,375	77,838	15,775	984	16,177	6.1%
Non-high street shops	17,874	15,263	123,739	14,537	972	14,293	6.8%
Total property in operation	89,469	79,055	301,326	84,790	2,468	90,070	2.7%

31-12-2015	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
The Netherlands	44,993	38,595	190,726	45,971	1,333	47,035	2.8%
France	16,062	14,477	34,772	15,845	375	17,576	2.1%
Belgium	19,941	18,441	91,930	18,613	332	19,413	1.7%
Spain/Portugal	4,115	3,839	10,822	3,950	-	3,751	-
Turkey	8,063	7,568	13,100	8,508	49	8,792	0.6%
Total property in operation	93,174	82,920	341,350	92,887	2,089	96,567	2.2%
Premium city high street shops	49,394	45,217	97,351	52,837	190	57,470	0.3%
High street shops	21,557	18,300	93,421	20,324	983	20,116	4.9%
Non-high street shops	22,223	19,403	150,578	19,726	916	18,981	4.8%
Total property in operation	93,174	82,920	341,350	92,887	2,089	96,567	2.2%

6 EPRA COST RATIOS

	2016	2015
General expenses	8,513	8,523
Ground rents paid	154	149
Operating expenses	9,649	9,717
Net service charge expenses	611	388
less: Ground rents paid	(154)	(149)
EPRA costs (including vacancy costs) (A)	18,773	18,628
Vacancy costs	(975)	(688)
EPRA costs (excluding vacancy costs) (B)	17,798	17,940
Gross rental income less ground rents paid (C)	89,315	93,025
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	21.0%	20.0%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	19.9%	19.3%

A sum of € 0.1 million in operating expenses paid was capitalised in 2016 (2015: € 0.1 million). Vastned capitalises the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for letting. General expenses (overhead) are not capitalised.

7 CAPITAL EXPENDITURE

	2016	2015
Acquisitions [1]	75,904	163,975
Development	-	-
Like-for-like portfolio [2]	4,973	3,032
Other [3]	1,081	1
Total	81,958	167,008

1) Concerns the purchase of premium city high street shops in Amsterdam, Utrecht, Paris and Madrid.
2) Involves improvements to a number of properties already owned throughout the various countries.
3) Largely involves improvements to properties sold during the course of the financial year.

ART IN THE CITY

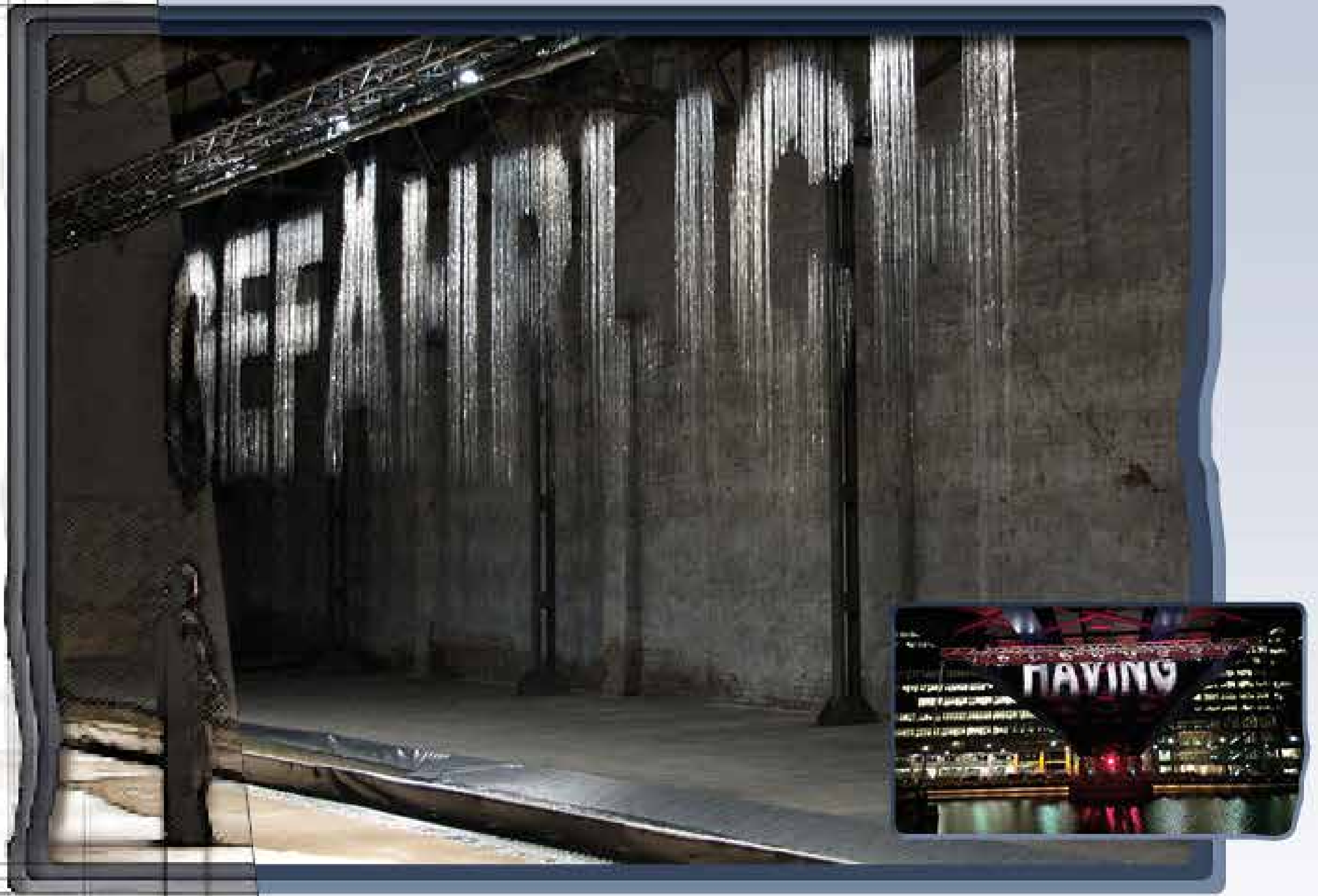
Art is not just for the museum. It has become part of everyday life. Street art has become a serious art form. Across the world, Logan Hicks, Julius Popp and Niels 'Shoe' Meulman liven up public spaces with their art, making colourful contributions to the identity and prestige of metropoles.

LOGAN HICKS

Logan Hicks is an artist and street artist from New York. His trademark is *urban art*. He takes his inspiration from the city, its people and their energy. His work is characterised by a photorealistic style. He has been called a painter with a photographic eye, and it's easy to see why. Hicks specialises in urban landscapes. His street paintings have a highly individual dynamic and identity because he edits photographs in such a way that they appear to show a new reality.

Logan Hicks works with materials that are common in street art - spray and stencils - but in his very own way and with great craftsmanship. The technique he uses, in which he sprays several layers of stencils each on top of the other, allows him to create great depth. His use of light is phenomenal. He is able to bring the darkest cityscapes to life and give them an almost dreamlike quality.

His work is found all over the world. Major murals decorate metropoles like Miami, New York and Baltimore, but also Istanbul, Tunis and Paris. For a while Amsterdam, too, boasted a special art work by this artist. A hoarding near the refurbished Atrium on the Zuidas in Amsterdam for several months showed a large mural by Logan: a panoramic street scene of Amsterdam by night. One of his most famous works is *Story of My Life*, in which he used countless pictures of people, including his mother and nine-year-old son, good friends and random passers-by.



JULIUS POPP

German artist Julius Popp works at the interface of art and science. The main tool he uses in his work is technology. One of his best known art works is Bit.fall from 2005, a fascinating and poetic work of water art. It consists of a machine in which falling water drops form words that are visible very briefly and then disappear again. It is quite literally a waterfall of words. The words are derived by an algorithm from news items online that happen to be hot. The water is a metaphor for the massive stream of data and information that we are exposed to on a daily basis in modern society. The information bombardment is something we all know from personal experience and that we often read about in the media. What makes Bit.fall so special is that this art work contains a whole new take on the subject, namely through a captivating sensory experience. The work refers to the fleetingness of cultural information and values: you can see it, but you can't really 'grab hold of it'.

In this work of art Popp brings together two different systems: circulation in nature and in culture, with water as a temporary information carrier. He shows that individual elements (the water drops) do not carry meaning in themselves, but can taken on meaning when they form part of a group, within a *swarming* framework. Swarming is a form of artificial intelligence based on collective behaviour of decentralised self-regulating systems. The work has been on show in MOMA New York, above the Thames in London and in Groningen.

NIELS 'SHOE' MEULMAN

At the age of 12, Dutchman Niels Meulman spraypainted his first tag on a wall: 'Shoe'. It was his first step into the world of street art, a world that he was to help shape. At 18 he was already a graffiti legend. The world became his canvas. In the 80s he met New York artists Dondi White, Rammellzee and Keith Haring. He subsequently formed the Crime Kings with Bando from Paris and Mode2 from London. Together they gave Europe a whole new graffiti style. In the 90s he studied graphic design with Dutch master Anthon Beeke. That is where he really learned his trade. He then started his own design company Caulfield & Tensing, worked for an advertising agency for a while and then set up his own, Unruly, which he later turned into a silk scarf brand and a gallery.

Raised and based in Amsterdam, he launched his own art form there in 2007 called *Calligraffiti*, a mixture of calligraphy and graffiti, two art forms that each have their very own rules. The combination yielded a whole new 'handwriting', a unique mix of traditional-looking letters with an unmistakable metropolitan, defiant attitude. The great painters of abstract expressionism are a key source of inspiration. Gradually he developed his own pictorial language: abstract vandalism. His calligraphical paintings are exhibited in countless museums and shows in Europe and the US, but they are also part of the street scene in many big cities.

7

EPRA SUSTAINABILITY PERFORMANCE MEASURES

INTRODUCTION

We report on our energy, GHG emissions, water and waste impacts in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). Our reporting response has been split into 2 sections:

1. Overarching recommendations
2. Sustainability performance measures

OVERARCHING RECOMMENDATIONS

ORGANISATIONAL BOUNDARIES

We use an operational control approach for our data boundary.

COVERAGE

Please see our EPRA performance tables below for individual coverage of each performance measure.

ESTIMATION OF LANDLORD-OBTAINED UTILITY CONSUMPTION

A relatively small part of the portfolio-data for 2015 is estimated and a larger part for 2016 is estimated. 14% of the data for the performance measures for our own offices is estimated.

Estimated portfolio-data	2016	2015
Elec-Abs	70%	10%
Elec-LFL	50%	9%
Fuels-Abs	53%	22%
Fuels-LFL	54%	22%

THIRD PARTY ASSURANCE

No third party assurance is available.

BOUNDARIES - REPORTING ON LANDLORD AND TENANT CONSUMPTION

The consumption reported includes only energy which we purchase as landlords. Tenant data is excluded.

ANALYSIS - NORMALISATION

Intensity indicators are calculated using floor area (m2) for whole buildings, including tenant areas. We are aware there is a mismatch between the nominator and denominator in our methodology for calculating intensities. Tenants receive bills for the major part of each building, we only receive bills for common areas in the Netherlands, for which data has been given (see table 'EPRA portfolio' on page 140).

ANALYSIS – SEGMENTAL ANALYSIS (BY PROPERTY TYPE, GEOGRAPHY)

All the assets for which we are responsible for energy consumption are located in the Netherlands. We have carried out segmental analysis on 2 kinds of assets: shopping centres and high street stores (see table 'EPRA portfolio' on page 140).

DISCLOSURE ON OWN OFFICES

Our own occupied offices are reported separately to our portfolio. Please see table 'EPRA own offices' on page 142.

NARRATIVE ON PERFORMANCE

Own offices
We were not able to report on like-for-like for our own office data because we could not obtain 2015 data for our non-Dutch offices in 2015. Our Dutch office was also not included in like-for-like because we have vacated the premises in Rotterdam in November 2016. The absolute data for the Dutch office represents the full year of 2016, but we felt a like-for-like comparison would have been misleading as we had not been using the premises for approx. 10% of the year.

We aim to reduce paper use every year by installing new software (e.g. DocuSign) and motivating employees to print as little are possible. In the Dutch office the paper in 2015 decreased by 7.9% compared to 2016. In 2016 the overall usage of printing paper decreased by more than 10%.

Our portfolio
The main reason for such a high increase in the Absolute (ABS) electricity and fuel consumption in 2016 is that at the end of 2015, one our largest tenants, V&D, went bankrupt. This meant that a very large unit in Shopping centre Boven 't IJ in Amsterdam North was vacated by V&D. During the lease, energy consumption had been the responsibility of the tenant. In 2016, a temporary tenant occupied the space, and we were now responsible for the energy bills. This unit was divested in 2016 and therefore not included in the like-for-like (LFL) results.

Also, the like-for-like usage of electricity in high street shops decreased significantly, which was due to the fact that in 2015, for two units on "De Promesse" in Lelystad the usage of fuel had to be corrected due to a mistake in measurement in 2014; the usage of 2015 is therefore higher than in 2016.

New vacancy and solved vacancy has an effect on the usage of electricity and fuel in common areas, which partly explains lower of higher fuel usage. For example:

- Koningstraat 12-13 in Arnhem, was let in July 2016 after a period of vacancy, resulting in higher fuel and electricity usage in 2016;
- due to the bankruptcy of retail chains Dixons and MyCom at the end of 2015, the units on Stadhuisstraat 2 and Stadhuisplein 74 in Lelystad were vacated at the beginning of 2016, decreasing usage of electricity and fuel significantly in 2016;
- one unit in Westermarkt 28A in Tilburg (shopping centre) was vacant during the full year of 2015 and was let in early 2016, increasing usage of electricity; and
- in Oosterhout, one unit on Arendstraat 9 in Oosterhout was vacated early 2016 lowering the usage of fuel in the common areas significantly

Lastly, during our renovations, we aim to install energy efficient systems. For example, during the renovation of Kerkstraat 44 in Amsterdam, energy efficient equipment was installed in 2015, reducing overall consumption of fuel in 2016.

LOCATION OF EPRA SUSTAINABILITY PERFORMANCE MEASURES IN COMPANIES' REPORTS

EPRA sustainability performance measures can be found in table 'EPRA portfolio' on page 140 and in table 'EPRA own offices' on page 142 of this report.

SUSTAINABILITY PERFORMANCE MEASURES

EPRA PORTFOLIO

Indicator	EPRA	Asset type	Unit of measure	2016	2015	Coverage	Change
Total electricity consumption	Elec-Abs	Shopping centre High street **Total**	kWh	965,991 883,839 **1,849,830**	177,240 755,629 **932,869**	100% 100% **100%**	
Like-for-like electricity consumption	Elec-LFL	Shopping centre High street **Total**	kWh	179,153 470,397 **649,550**	157,850 659,124 **816,974**	33% 43% **41%**	13% -29% **-20%**
Total energy consumption from district heating and cooling Like for like consumption from district heating and cooling	DH&C-Abs 1) DH&C-LFL 1)		kWh kWh	n/a n/a	n/a n/a	n/a n/a	
Total energy consumption from fuel	Fuels-Abs	Shopping centre High street **Total**	kWh	622,403 1,686,143 **2,308,546**	73,350 1,422,012 **1,495,362**	100% 100% **100%**	
Like-for-like consumption from fuel	Fuels-LFL	Shopping centre High street **Total**	kWh	50,332 1,219,502 **1,269,834**	61,426 1,329,483 **1,390,909**	25% 34% **33%**	-18% -8% **-9%**
Building energy intensity	Energy-Int	From electricity From fuels	kWh/m2	21 43	13 34	100% 100%	67% 27%
Direct GHG emission (total) *Scope 1* Direct GHG emission (Like-for-like) *Scope 1*	GHG-Dir-Abs GHG-Dir-LFL		tCO_2e tCO_2e	425 234	275 256	100% 25%	 -9%
Indirect GHG emission (total) *Scope 2* Indirect GHG emission (Like-for-like) *Scope 2*	GHG-Indir-Abs GHG-Indir-LFL		tCO_2e tCO_2e	874 307	415 363	100% 28%	 -15%
Building GHG emissions intensity	GHG-Int		$kgCO_2e/m^2$	15.1	9.5	100%	59%
Total water consumption Like-for-like water consumption Building water consumption intensity	Water-Abs 2) Water-LFL 2) Water-Int 2)		m^3 m^3 m^3/m^2	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a
Weight of waste by disposal route (total)	Waste-Abs 3)		kg % recycled % sent to landfill	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a
Weight of waste by disposal route (Like-for-like)	Waste-LFL 3)		kg % recycled % sent to landfill	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a	n/a n/a n/a
Type and number of assets certifies	Cert-Tot 4) 5)		% of portfolio certified *or* number of certified assets	67%	56%	n/a	n/a

1) DH&C-Abs and DH&C-LfL are not applicable as Vastned is not responsible for district heating and cooling across its portfolio
2) Water-Abs and Water-Lfl are not applicable as Vastned is not responsible for water and waste across its portfolio
3) Waste-Abs and Waste-Lfl are not applicable as Vastned is not responsible for water and waste across its portfolio
4) Cert-tot: the percentage refers to the proportion of portfolio that has an EPC (Energy Performance Certificate). The breakdown of our EPCs is as follows: A++ 0.2% // A+ 1.4% // A 9.1% // B 18.2% // C 11.7% // D 18.5% // E 14.5% // F 5.1% // G 12.2% // H 0.4% // I 2.9% // Unknown 5.8%
5) In addition two properties in Turkey have a BREEAM certificate

EPRA OWN OFFICE

Indicator	EPRA	Unit of measure	2016	Coverage	2015	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	114,188	100%	60,121	20% [1]	
Like-for-like electricity consumption	Elec-LFL [2]	kWh	n/a	n/a	n/a	n/a	n/a
Total energy consumption from district heating and cooling	DH&C-Abs	kWh	87,500	100%	72,778	20%	
Like for like consumption from district heating and cooling	DH&C-LFL [2]	kWh	n/a	n/a	n/a	n/a	n/a
Total energy consumption from fuel	Fuels-Abs	kWh	72,783	100%	n/a	n/a	
Like-for-like consumption from fuel	Fuels-LFL [2]	kWh	n/a	n/a	n/a	n/a	n/a
Building energy intensity	Energy-Int	kWh/FTE	5,489	100%	2,828	20%	94%
Direct GHG emission (total) *Scope 1*	GHG-Dir-Abs	tCO_2e*	14	100%	n/a	n/a	
Direct GHG emission (Like-for-like) *Scope 1*	GHG-Dir-LFL [2]	tCO_2e*	n/a	n/a	n/a	n/a	n/a
Indirect GHG emission (total) *Scope 2*	GHG-Indir-Abs	tCO_2e*	66	100%	27	20%	
Indirect GHG emission (Like-for-like) *Scope 2*	GHG-Indir-LFL [2]	tCO_2e*	n/a	n/a	n/a	n/a	n/a
Building GHG emissions intensity	GHG-Int	$kgCO_2e$*/FTE	1,608	100%	569	20%	183%
Total water consumption	Water-Abs	m³	161	100%	106	20%	
Like-for-like water consumption	Water-LFL [2]	m³	n/a	n/a	n/a	n/a	n/a
Building water consumption intensity	Water-Int	m³/FTE	3	100%	2	20%	42%
Weight of waste by disposal route (total)	Waste-Abs [2] [3]	tonnes	n/a	n/a	n/a	n/a	n/a
		recycled kg	1,419	100%	982	20%	
		% recycled	n/a	n/a	n/a	n/a	
		% sent to landfill	n/a	n/a	n/a	n/a	
Weight of waste by disposal route (Like-for-like)	Waste-LFL [2] [3]	tonnes	n/a	n/a	n/a	n/a	n/a
		% recycled	n/a	n/a	n/a	n/a	n/a
		recycled kg	n/a	n/a	n/a	n/a	n/a
		% sent to landfill	n/a	n/a	n/a	n/a	n/a
Type and number of assets certifies	Cert-Tot	% of portfolio certified *or* number of certified assets	0%	n/a	0%	n/a	n/a

1) Coverage is 20% for 2015 since Vastned only had data for 2015 for the Rotterdam office.
2) No like-for-like is reported for energy, water, GHG emissions and waste because the only office we had 2015 data for was vacated in November 2016.
3) Waste-Abs and Waste-Lfl: Vastned only has data regarding the paper waste.

METHODOLOGY [4]

Portfolio GHG emissions have been calculated using the 2016 conversion factors provided by DEFRA. Scope 1 emissions include fuel consumption while Scope 2 emissions include DH&C and electricty consumption.

Own office CO_2e conversation factors are based on data as provided by the Climate Neutral Group in the Netherlands[5].

▶ https://www.climateneutralgroup.com/wp-content/uploads/2016/03/20160321_Review_emissiefactoren_all_2016.pdf

4) Definitions regarding EPRA Sustainability Performance Measures can be found on page 254.
5) the Climate Neutral Group works in accordance with the Greenhouse Gas Protocol to calculate carbon emissions.

8

DIRECT & INDIRECT RESULT

DIRECT RESULT

(x € 1,000)

	2016	2015
Gross rental income	89,469	93,174
Ground rents paid	(154)	(149)
Net service charge expenses	(611)	(388)
Operating expenses	(9,649)	(9,717)
Net rental income	**79,055**	**82,920**
Financial income	305	826
Financial expenses	(19,123)	(20,258)
Net financing costs	**(18,818)**	**(19,432)**
General expenses	(8,513)	(8,523)
Direct result before taxes	**51,724**	**54,965**
Current income tax expense	(1,293)	(1,227)
Movement in deferred tax assets and liabilities	2	(141)
Direct result after taxes	**50,433**	**53,597**
Direct result attributable to non-controlling interests	(4,318)	(4,408)
Direct result attributable to Vastned Retail shareholders	46,115	49,189

INDIRECT RESULT

(x € 1,000)

	2016	2015
Value movements in property in operation	(13,956)	25,430
Value movements in property under renovation	(1,163)	608
Value movements in property in pipeline	-	(6)
Total value movements in property	**(15,119)**	**26,032**
Net result on disposals of property	(4,503)	2,704
Financial expenses	(819)	(817)
Value movements in financial derivatives	(824)	(1,647)
Reclassification of unrealised results on financial derivatives from equity	117	(4,812)
Indirect result before taxes	**(21,148)**	**21,460**
Movement in deferred tax assets and liabilities	4,232	(4,303)
Indirect result after taxes	**(16,916)**	**17,157**
Indirect result attributable to non-controlling interests	(2,768)	(875)
Indirect result attributable to Vastned Retail shareholders	(19,684)	16,282
Direct result attributable to Vastned Retail shareholders	46,115	49,189
Indirect result attributable to Vastned Retail shareholders	(19,684)	16,282
Result attributable to Vastned Retail shareholders	26,431	65,471

PER SHARE

(x € 1)

Direct result attributable to Vastned Retail shareholders	2.42	2.58
Indirect result attributable to Vastned Retail shareholders	(1.03)	0.86
	1.39	**3.44**

The direct result attributable to Vastned Retail shareholders consists of net rental income less net financing costs (excluding value movements in financial derivatives), general expenses, 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 disposals of property, 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 in financial derivatives, less the part of these items attributable to non-controlling interests.

TEFAF

The Netherlands may be small, but in cultural terms we are world class. For example, every year the ten-day TEFAF (The European Fine Art Fair) is held in MECC conference centre in Maastricht. Together, Maastricht, MECC and TEFAF form a successful trio that has definitely put the city on the map. In 2016, TEFAF even branched out to New York. TEFAF New York Spring and Fall are the two new highlights of the organisation.

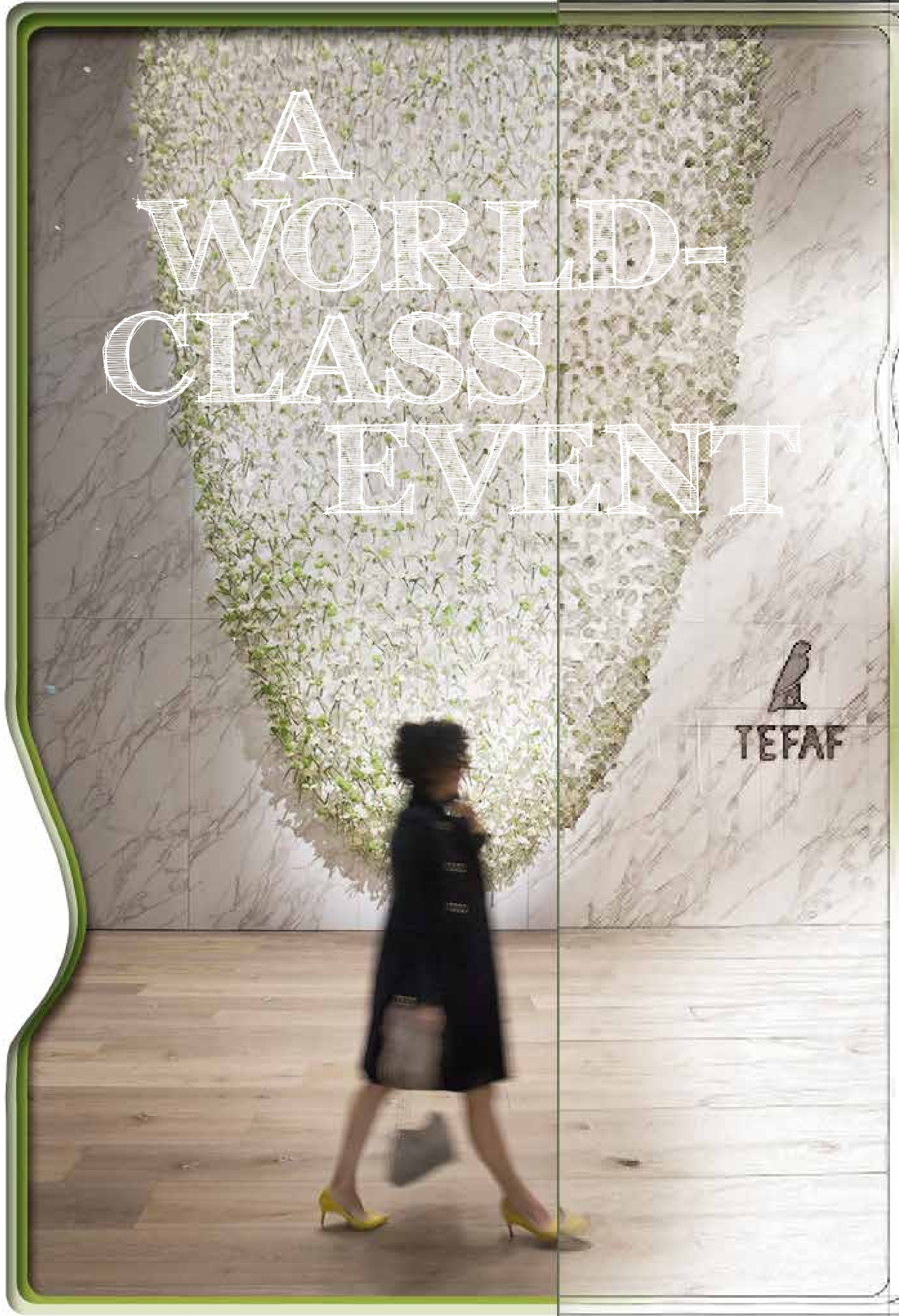
With 280 exhibitors and 75,000 visitors from over 60 countries, TEFAF is one of the top annual events on the calendar of the city of Maastricht. Unsurprisingly, Economic Affairs alderman John Aarts is proud of TEFAF. 'TEFAF is different from other art fairs because of the highly strict vetting of art works and exhibitors. You can't just waltz in here. The quality level is second to none. And that is why TEFAF is considered world class in art circles.

The impact of the art fair on the city is massive, above all in publicity terms. John Aarts: 'TEFAF is a historically grown event that is first in its field. And that prestige reflects on the city. Every year, Maastricht features in the top trade magazines. It is a beautiful city with a long history that has shown great hospitality to TEFAF and to its visitors. For example, during the event there are big TEFAF banners all over town specially for the fair. TEFAF has definitely increased Maastricht's international prestige.'

ECONOMIC IMPACT

In addition, the economic impact is also huge, John Aarts continues. 'There are major economic interests at stake for the hotel sector, restaurants, retail and taxi companies. The preparation and construction for the fair also generate a great deal of economic activity and thus jobs. We estimate that TEFAF brings in additional turnover of € 11.5 million.'

The fair also benefits MECC's name recognition, and that in turn brings new big exhibitions to the city. 'In order to organise fairs of this magnitude, you have to have something to offer, because it puts enormous demands on resources. The fact that TEFAF has been based here for all those years is proof that the required quality is present in this city and this conference centre. The way the halls are laid out and furnished is breathtaking. It's almost an event within an event.'



A CITY BURSTING WITH LIFE

TEFAF also gives a boost to the cultural life of the city. John Aarts: 'We are the second city in the Netherlands in terms of monuments, with no less than 1600, we have many museums with cultural heritage from all eras and a flourishing creative industry. Maastricht lives and breathes culture, and that is something we will be devoting extra attention to in the TEFAF programme.' With 'During TEFAF', a special programme of cultural activities, the city is also full of life at night, with high-profile national and international exhibitions, drama and music productions, dance performances and special events.

The contract between the city of Maastricht, MECC and TEFAF runs until 2020, but John Aarts is convinced it will be extended. 'TEFAF belongs to Maastricht. The event is a win-win for all concerned.'

9

2016 FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

NET INCOME FROM PROPERTY

	Notes	2016	2015
Gross rental income	4, 25	89,469	93,174
Ground rents paid	4	(154)	(149)
Net service charge expenses	4	(611)	(388)
Operating expenses	4	(9,649)	(9,717)
Net rental income		**79,055**	**82,920**
Value movements in property in operation	5	(13,956)	25,430
Value movements in property under renovation	5	(1,163)	608
Value movements in property in pipeline	5	-	(6)
Total value movements in property		**(15,119)**	**26,032**
Net result on disposal of property	6	(4,503)	2,704
Total net income from property		59,433	111,656

EXPENDITURE

	Notes	2016	2015
Financial income	7	305	826
Financial expenses	7	(19,942)	(21,075)
Value movements in financial derivatives	7	(824)	(1,647)
Reclassification of unrealised results on financial derivatives from equity	7	117	(4,812)
Net financing costs		**(20,344)**	**(26,708)**
General expenses	8	(8,513)	(8,523)
Total expenditure		(28,857)	(35,231)
Result before taxes		30,576	76,425
Current income tax expense	9	(1,293)	(1,227)
Movement in deferred tax assets and liabilities	9, 14	4,234	(4,444)
Total income tax		**2,941**	**(5,671)**
Result after taxes		33,517	70,754
Result attributable to Vastned Retail shareholders		26,431	65,471
Result attributable to non-controlling interests	28	7,086	5,283
		33,517	70,754

PER SHARE

(x € 1)

	Notes	2016	2015
Result attributable to Vastned Retail shareholders	10	1.39	3.44
Diluted result attributable to Vastned Retail shareholders	10	1.38	3.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Toelichting	2016	2015
Result after taxes		**33,517**	**70,754**
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	19	319	780
Taxes on items not reclassified to the profit and loss account		-	-
Items that have been or could be reclassified to the profit and loss account			
Value movements in financial derivatives directly recognised in equity		-	1,698
Reclassification of unrealised results on financial derivatives to the profit and loss account		(117)	4,812
Taxes on items that have been or could be reclassified to the profit and loss account		-	-
Other comprehensive income after taxes		**202**	**7,290**
Comprehensive income		33,719	78,044
Attributable to:			
Vastned Retail shareholders		26,633	72,691
Non-controlling interests		7,086	5,353
		33,719	78,044

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

ASSETS

ASSETS	Notes	2016	2015
Property in operation	13	1,611,725	1,644,828
Accrued assets in respect of lease incentives	13	3,068	3,072
Total property		**1,614,793**	**1,647,900**
Tangible fixed assets		1,280	1,146
Deferred tax assets	14	275	-
Total fixed assets		1,616,348	1,649,046
Debtors and other receivables	15, 17	5,674	2,211
Income tax		204	56
Cash and cash equivalents	16	1,280	2,762
Total current assets		7,158	5,029
Total assets		**1,623,506**	**1,654,075**

EQUITY AND LIABILITIES

EQUITY AND LIABILITIES	Notes	2016	2015
Capital paid-up and called-up	18	95,183	95,183
Share premium reserve		472,640	472,640
Hedging reserve in respect of financial derivatives		499	616
Translation reserve		(5,728)	(5,728)
Other reserves		215,412	188,458
Result attributable to Vastned Retail shareholders	10	26,431	65,471
Equity Vastned Retail shareholders		**804,437**	**816,640**
Non-controlling interests	28	87,060	84,373
Total equity		891,497	901,013
Deferred tax liabilities	14	19,598	24,586
Provisions in respect of employee benefits	19	6,009	6,047
Long-term interest-bearing loans	20	601,610	652,513
Financial derivatives	23	6,145	5,427
Guarantee deposits and other long-term liabilities		3,559	3,557
Total long-term liabilities		636,921	692,130
Payable to banks	21	14,654	7,953
Redemption of long-term interest-bearing loans	20	57,518	25,017
Financial derivatives	23	106	-
Income tax		1,076	5,108
Other liabilities and accruals	22	21,734	22,854
Total short-term liabilities		95,088	60,932
Total equity and liabilities		**1,623,506**	**1,654,075**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called-up	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Result attributable to shareholders Vastned Retail	Equity shareholders Vastned Retail	Non-controlling interests	Total equity
Balance as at 1 January 2015	95,183	472,640	(5,691)	(5,728)	194,103	31,706	782,213	83,786	865,999
Result	-	-	-	-	-	65,471	65,471	5,283	70,754
Other comprehensive income	-	-	6,440	-	780	-	7,220	70	7,290
Reclassification	-	-	(133)	-	133	-	-	-	-
Comprehensive income	-	-	6,307	-	913	65,471	72,691	5,353	78,044
Final dividend for previous financial year in cash	-	-	-	-	-	(24,177)	(24,177)	(4,766)	(28,943)
2015 interim dividend in cash	-	-	-	-	(14,087)	-	(14,087)	-	(14,087)
Contribution from profit appropriation	-	-	-	-	7,529	(7,529)	-	-	-
Balance as at 31 December 2015	95,183	472,640	616	(5,728)	188,458	65,471	816,640	84,373	901,013
Result	-	-	-	-	-	26,431	26,431	7,086	33,517
Other comprehensive income	-	-	(117)	-	319	-	202	-	202
Comprehensive income	-	-	(117)	-	319	26,431	26,633	7,086	33,719
Final dividend for previous financial year in cash	-	-	-	-	-	(24,939)	(24,939)	(4,399)	(29,338)
2016 interim dividend in cash	-	-	-	-	(13,897)	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	40,532	(40,532)	-	-	-
Balance as at 31 December 2016	**95,183**	**472,640**	**499**	**(5,728)**	**215,412**	**26,431**	**804,437**	**87,060**	**891,497**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

CASH FLOW FROM OPERATING ACTIVITIES	Notes	2016	2015
Result after taxes		33,517	70,754
Adjustments for:			
Value movements in property	5	15,119	(26,032)
Net result on disposal of property	6	4,503	(2,704)
Net financing costs	7	20,344	26,708
Income tax	9	(2,941)	5,671
Cash flow from operating activities before changes in working capital and provisions		**70,542**	**74,397**
Movement in current assets		(545)	(352)
Movement in short-term liabilities		(361)	(748)
Movement in provisions		130	122
		69,766	**73,419**
Interest received		301	2,206
Interest paid		(18,779)	(19,433)
Income tax paid		(4,464)	(1,292)
Cash flow from operating activities		46,824	54,900
CASH FLOW FROM INVESTING ACTIVITIES			
Property acquisitions		(77,920)	(171,674)
Property investments		(5,913)	(3,616)
Disposal of property		82,035	92,932
Disposal of subsidiaries		10,501	-
Cash flow from property		**8,703**	**(82,358)**
Movement in tangible fixed assets		(134)	(60)
Cash flow from investing activities		8,569	(82,418)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	11	(38,836)	(38,264)
Dividend paid to non-controlling interests		(4,399)	(4,767)
Interest-bearing loans drawn down	20, 21	11,375	108,746
Interest-bearing loans redeemed	20	(25,017)	(42,167)
Movement in guarantee deposits and other long-term liabilities		2	(127)
Unwinding of interest rate derivatives		-	(5,853)
Cash flow from financing activities		(56,875)	17,568
Net increase / (decrease) in cash and cash equivalents		**(1,482)**	**(9,950)**
Cash and cash equivalents as at 1 January	16	2,762	12,712
Cash and cash equivalents as at 31 December		1,280	2,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Vastned Retail N.V. ('the Company' or 'Vastned'), with principal place of business in Amsterdam and 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. Smaller investments are also made in high street shops in other cities, Belgian 'baanwinkels', a number of supermarkets and in a few smaller shopping centres. The property is located in the Netherlands, France, Belgium, Spain and Turkey.

Vastned is entered in the trade register under number 24262564.

Vastned is listed on the 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.

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 Dutch Civil Code. These standards comprise all new and revised standards and interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective for financial years starting on or after 1 January 2016.

New or amended standards and interpretations that became effective in 2016
The amended standards and interpretations that came into effect in 2016 are listed below:

- Annual Improvements to IFRSs 2010-2012 Cycle
  The amendments involve minor amendments to a number of standards.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- Annual Improvements to IFRSs 2012-2014 Cycle
  The amendments involve minor amendments to a number of standards.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 1 (Disclosure Initiative)
  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 amendments have no impact on the notes;
- Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception)
  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 amendments do not have any impact on the presentation, notes or financial results of the Group;

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
  The amendments concern supplementary guidelines for including acceptable depreciation and amortisation methods.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
  The amendments to this standard concern the recognition of employee contributions.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
  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 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 January 2017 and later which are not yet applied by the Group

- IFRS 9 Financial Instruments (effective for financial years starting on or after 1 January 2018)
  The standard concerns the classification and valuation, impairment and hedge accounting of financial instruments.

  Classification and valuation
  Given the insignificant volume of financial assets it holds, the Group does not expect the application of this standard to have any material impact on the presentation, notes or financial results of the Group.

  Impairment
  Application of this standard will result in, among other things, earlier inclusion of expected credit losses on financial assets. The Group expects to apply the simplified approach and to include the losses expected for the entire life of its financial assets. The Group's principal financial assets consist of cash and cash equivalents, debtors and other receivables. The cash and cash equivalents are held at reputable banks with at least an investment grade rating. Tenants are carefully screened in advance. Security is also required from tenants in the form of guarantee deposits or bank guarantees and rents are paid in advance.
  The Group does not expect the effect on the Group's financial results to be material, therefore.

  Hedge accounting
  The Group does not apply hedge accounting.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years starting on or after 1 January 2018)
  The standard contains guidelines for recognising turnover from contracts with customers. The Group receives its income from leases. The rental income can be regarded as income from leases and does not fall under this standard, therefore. The standard also provides for a model for reporting and determining profit and loss on the sale of certain non-financial assets, which includes property.
  After an initial analysis of the standard, the Group does not expect application of the standard is likely to have any material impact on the presentation, notes or financial results of the Group.

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

- Annual Improvements to IFRSs 2014-2016 Cycle (effective for financial years starting on or after 1 January 2017/1 January 2018)
  The amendments involve minor amendments to a number of standards.
  The amendments do not have any impact on the presentation, notes or financial results of the Group;
- Amendments to IAS 7: Disclosure Initiative (effective for financial years starting on or after 1 January 2017)
  The amendments are part of IASB's Disclosure Initiative and require reconciliation between the amounts in the opening balance sheet and closing balance sheet for every item that is classified in the cash flow statement as a financing activity.
  The Group does not expect the amendments to result in changes to the notes;
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective for financial years starting on or after 1 January 2017)
  These amendments involve a clarification of the reporting of deferred tax assets for unrealised losses related to debt instruments valued at market value.
  The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- Amendments to IAS 40: Transfers of Investment Property (effective for financial years starting on or after 1 January 2018)
  The amendment concerns a clarification of when property must be reclassified as property in operation or property under renovation.
  The Group does not expect the amendment to affect the presentation, notes or financial results of the Group.
- Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for financial years starting on or after 1 January 2018)
  The amendments concern a number of clarifications in relation to goods and services.
  The Group does not expect the amendments to affect the presentation, notes or financial results of the Group;
- IFRS 16 Leases (effective for financial years starting on or after 1 January 2019)
  This standard describes how both financial and operating leases must be recognised.
  An initial analysis of the standard indicates that the standard mainly has implications for lessees. Except in the case of certain exemptions, lessees must include all lease obligations on the balance sheet. An exemption applies for leases for assets with insignificant value and short-term leases. Lessees report a lease obligation with a corresponding asset (right of use) and must report interest and depreciation separately. Certain events necessitate the lessee to reassess particular key elements (for example, lease period and variable rents on the basis of an index).
  The Group leases a number of offices for its organisation and will have to report a right of use and a lease obligation on its balance sheet on account of this. The amounts involved with this are not material, however. The reporting of leases by lessors remains largely unchanged; application of the new standard consequently is not expected to have any material impact on the Group's financial results. More detailed information will have to be provided, however;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for financial years starting on or after 1 January 2018)
  The interpretation clarifies the recognition of foreign currency transactions when advances have been received or paid.
  The Group does not expect the interpretation to affect 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 otherwise.

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 Executive Board 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 on the balance sheet date. The actual results may deviate from these estimates.

The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was 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 following financial year are included in 29 ACCOUNTING ESTIMATES AND JUDGEMENTS'.

C PRINCIPLES FOR CONSOLIDATION

Subsidiaries
Subsidiaries are entities over which the Company has direct or indirect control. The Company has control if:

- the Company has power over the entity;
- the Company is exposed or entitled to variable returns on account of its involvement in the entity; and
- the Company is able to use its control of the entity to influence the size of these returns.

Each of these three criteria must be satisfied for the Company to have control of an entity in which it has an interest.
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 predominant 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.

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.

Acquisition of subsidiaries
The Group acquires subsidiaries that own property. At the moment of acquisition, the Group assesses whether the acquisition must be regarded as a business combination or as the purchase of an asset. The Group recognises the acquisition of a subsidiary as a business combination if the acquisition also involves the purchase of an integrated series of operations. More specifically, due consideration is given to the degree to which significant processes are acquired and particularly the size of the services provided by the subsidiary. The costs of the acquisition of a business combination are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. 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.

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

For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.

If the acquisition of a subsidiary does not qualify as an acquisition of a business combination, the acquisition is recognised as the acquisition of an asset. The costs incurred in connection with the acquisition are capitalised in that case. Goodwill and deferred tax liabilities at the moment of acquisition are not stated.

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.

On the balance sheet date, monetary assets and equity 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 translated at the historical exchange rate.

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 a different functional currency applies for the particular financial statements, assets and equity and liabilities are translated into euros on 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 are also recognised in equity under ‘Translation reserve’. In the event of a full or partial disposal 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 immovable property held in order to realise rental income, value increases or both. Property is classified as property in operation if the property is available for letting.

Acquisitions and disposals of immovable property available for letting are included in the balance sheet as property or designated as disposed of at the time when the obligation to acquire or dispose of is entered into by means of an agreement signed by both parties, at which time the conditions of the transaction can be identified unequivocally and any resolutive 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, estate 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 is stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see under ‘P Gross Rental Income’). The fair value is based on market value (less the costs borne by the buyer, including property transfer tax and civil-law notary costs), i.e. the estimated value at which a property could be traded on the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties acting carefully 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 market value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecast cash flow for the next ten years and the final value that is calculated by capitalising the market rental value at the beginning of the eleventh year at a particular yield (capitalisation factor).

The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield. 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 rental value and contractual rental value, incentives provided to tenants, vacancy, operating expenses, state of repair and future developments into account.
The valuation of the property is based on the most efficient and effective use.

In order to present the fair value on 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 demonstrably properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently and exercise objectivity and integrity.
- In principle, the external appraiser for a property is changed every three years.

Based on this method, approximately 90% of the total value of the property is effectively appraised externally every six months.

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

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

G 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 Executive Board and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. Financial derivatives are valued at fair value.

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

A derivative is classified as a current asset or short-term liability 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.

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

H DEBTORS AND OTHER RECEIVABLES

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

I CASH AND CASH EQUIVALENTS

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

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

Shares are classified as the equity of 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 Company's shareholders up to the issuing date. The result included in the issue price is added to the share premium reserve.

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

K 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 setoff.

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 assets and 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 on the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

L 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 discount rate is the return as of the balance sheet date of high-quality corporate bonds with a term that approximates the term of the Group's obligations. The certified external actuary uses the projected unit credit method for this calculation. This method takes into account future salary increases of employees and inflation, among other factors.

If the pension rights under a pension plan are adjusted or a pension plan must be reduced, the resulting change in rights relating to the past service period or the gain or loss on that reduction are recognised directly in the profit and loss account.

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

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

Recalculations, including actuarial gains and losses, are recognised in other comprehensive income.

Defined contribution pension plans
The Group's obligations under defined contribution pension plans are recognised as expenditure in the profit and loss account when the contributions become due.

Long-term employee benefits
The obligations under long-term employee benefits are recognised at the present value of long-service bonuses to be paid to employees in the future.

M 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.

N 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 loan

The convertible bond loan is a component of the interest-bearing debts. The fair value of the part of the convertible bond loan 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 loan is converted or expires. The remainder is designated as the equity component of the bond loan and is recognised in the share premium reserve in equity.

O OTHER LIABILITIES AND ACCRUALS

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

P 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.
Payments from tenants in connection with the premature termination of a lease are recognised in the period in which they occur.

Q 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 for the most part to vacant (units in) properties. The costs and amounts charged on are not specified in the profit and loss account.

R 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 commissions, are recognised in the period in which they are incurred.

S NET FINANCING COSTS

Net financing costs are the interest expenses paid 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.

T 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 paid.

U 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 K 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 on the balance sheet date, and corrections to taxes payable for previous years.
Additional income tax on dividend payments from subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

V 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.

W 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

	The Netherlands 2016	The Netherlands 2015	France 2016	France 2015	Belgium 2016	Belgium 2015	Spain/Portugal 2016	Spain/Portugal 2015	Turkey 2016	Turkey 2015	Total 2016	Total 2015
Net rental income	36,117	38,595	14,746	14,477	17,344	18,441	3,138	3,839	7,710	7,568	79,055	82,920
Value movements in property in operation	(6,823)	(8,225)	15,063	22,640	7,162	2,197	3,663	7,679	(33,021)	1,139	(13,956)	25,430
Value movements in property under renovation	(1,163)	-	-	608	-	-	-	-	-	-	(1,163)	608
Value movements in property in pipeline	-	(6)	-	-	-	-	-	-	-	-	-	(6)
Net result on disposal of property	(4,103)	1,118	124	2,184	25	(654)	(549)	56	-	-	(4,503)	(2,704)
Total net income from property	24,028	31,482	29,933	39,909	24,531	19,984	6,252	11,574	(25,311)	8,707	59,433	111,656
Net financing costs											(20,344)	(26,708)
General expenses											(8,513)	(8,523)
Income tax											2,941	(5,671)
Result after taxes											33,517	70,754

PROPERTY IN OPERATION

	The Netherlands 2016	The Netherlands 2015	France 2016	France 2015	Belgium 2016	Belgium 2015	Spain/Portugal 2016	Spain/Portugal 2015	Turkey 2016	Turkey 2015	Total 2016	Total 2015
Balance as at 1 January	**741,647**	**647,061**	**337,849**	**329,021**	**356,348**	**355,951**	**76,333**	**68,654**	**132,651**	**131,512**	**1,644,828**	**1,532,199**
Acquisitions	21,388	119,030	27,923	16,074	-	28,871	26,594	-	-	-	75,905	163,975
Capital expenditure	2,771	2,196	1,013	414	2,037	434	-	-	-	-	5,821	3,044
Taken into/out of operation	(9,645)	-	-	2,840	-	-	-	-	-	-	(9,645)	2,840
Disposals	(67,003)	(18,415)	-	(33,140)	(5,044)	(31,105)	(19,181)	-	-	-	(91,228)	(82,660)
	689,158	749,872	366,785	315,209	353,341	354,151	83,746	68,654	132,651	131,512	1,625,681	1,619,398
Value movements	(6,823)	(8,225)	15,063	22,640	7,162	2,197	3,663	7,679	(33,021)	1,139	(13,956)	25,430
Balance as at 31 December	**682,335**	**741,647**	**381,848**	**337,849**	**360,503**	**356,348**	**87,409**	**76,333**	**99,630**	**132,651**	**1,611,725**	**1,644,828**
Accrued assets in respect of lease incentives	1,675	1,543	457	331	432	533	134	130	370	535	3,068	3,072
Appraisal value as at 31 December	684,010	743,190	382,305	338,180	360,935	356,881	87,543	76,463	100,000	133,186	1,614,793	1,647,900
Other assets	2,969	960	1,395	376	1,542	761	832	86	3	8	6,741	2,191
Not allocated to segments 1)											1,972	3,984
Total assets											1,623,506	1,654,075
Liabilities	14,812	18,988	5,475	6,771	2,943	2,025	10,611	10,297	10,405	14,878	44,246	52,959
Not allocated to segments 2)											687,763	700,103
Total liabilities											732,009	753,062

1) The other assets not allocated to segments are mainly cash and cash equivalents and other receivables.
2) The liabilities not allocated to segments are virtually all the financing for the property portfolios in the different countries. The financing for the property portfolios is managed at the holding level. For this reason, segmenting this financing by country is not relevant.

	Premium city high street shops		High street shops		Non-high street shops		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Net rental income	48,417	45,217	15,375	18,300	15,263	19,403	79,055	82,920
Value movements in property in operation	9,543	56,311	(9,388)	(10,246)	(14,111)	(20,635)	(13,956)	25,430
Value movements in property under renovation	-	608	-	-	(1,163)	-	(1,163)	608
Value movements in property in pipeline	-	-	-	-	-	(6)	-	(6)
Net result on disposal of property	147	1,803	(2,098)	538	(2,552)	363	(4,503)	2,704
Total net income from property	58,107	103,939	3,889	8,592	(2,563)	(875)	59,433	111,656
Net financing costs							(20,344)	(26,708)
General expenses							(8,513)	(8,523)
Income tax							2,941	(5,671)
Result after taxes							33,517	70,754

PROPERTY IN OPERATION

	Premium city high street shops		High street shops		Non-high street shops		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Balance as at 1 January	**1,120,840**	**912,022**	**285,380**	**328,681**	**238,608**	**291,496**	**1,644,828**	**1,532,199**
Acquisitions	75,905	163,975	-	-	-	-	75,905	163,975
Capital expenditure	3,934	2,502	885	80	1,002	462	5,821	3,044
Taken into/out of operation	-	2,840	-	-	(9,645)	-	(9,645)	2,840
Disposals	(12,260)	(16,810)	(41,288)	(33,135)	(37,680)	(32,715)	(91,228)	(82,660)
	1,188,419	1,064,529	244,977	295,626	192,285	259,243	1,625,681	1,619,398
Value movements	9,543	56,311	(9,388)	(10,246)	(14,111)	(20,635)	(13,956)	25,430
Balance as at 31 December	**1,197,962**	**1,120,840**	**235,589**	**285,380**	**178,174**	**238,608**	**1,611,725**	**1,644,828**
Accrued assets in respect of lease incentives	1,968	2,136	586	542	514	394	3,068	3,072
Appraisal value as at 31 December	1,199,930	1,122,976	236,175	285,922	178,688	239,002	1,614,793	1,647,900
Other assets	829	579	3,314	848	749	667	4,892	2,094
Not allocated to segments							3,821	4,081
Total assets							1,623,506	1,654,075

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service service cost		Operating expenses		Net rental income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
The Netherlands	42,486	44,993	(43)	(40)	(136)	(104)	(6,190)	(6,254)	36,117	38,595
France	16,460	16,062	-	-	(371)	(199)	(1,343)	(1,386)	14,746	14,477
Belgium	18,900	19,941	(111)	(109)	(87)	(57)	(1,358)	(1,334)	17,344	18,441
Spain/Portugal	3,452	4,115	-	-	(17)	(27)	(297)	(249)	3,138	3,839
Turkey	8,171	8,063	-	-	-	(1)	(461)	(494)	7,710	7,568
	89,469	93,174	(154)	(149)	(611)	(388)	(9,649)	(9,717)	79,055	82,920

GROUND RENTS PAID

	2016	2015
Attributable to leased properties	148	143
Attributable to vacant properties	6	6
	154	149

NET SERVICE CHARGE EXPENSES

	2016	2015
Attributable to leased properties	49	54
Attributable to vacant properties	562	334
	611	388

OPERATING EXPENSES

	2016	2015
Attributable to leased properties	9,236	9,363
Attributable to vacant properties	413	354
	9,649	9,717

OPERATING EXPENSES

	2016	2015
Maintenance	2,411	2,459
Administrative and commercial management [1)]	3,579	3,727
Insurance	386	423
Local taxes	1,821	1,768
Letting costs	448	333
Allocation to the provision for doubtful debtors (on balance)	526	510
Other operating expenses	478	497
	9,649	9,717

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

5 VALUE MOVEMENTS IN PROPERTY

	2016			2015		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	56,008	(69,964)	(13,956)	71,389	(45,959)	25,430
Property under renovation	-	(1,163)	(1,163)	608	-	608
Property in pipeline	-	-	-	-	(6)	(6)
	56,008	(71,127)	(15,119)	71,997	(45,965)	26,032

6 NET RESULT ON DISPOSAL OF PROPERTY

	2016	2015
Sales price	95,870	87,211
Book value at time of disposal	(99,478)	(83,900)
	(3,608)	**3,311**
Sales costs	(1,014)	(799)
	(4,622)	**2,512**
Other	119	192
	(4,503)	2,704

7 NET FINANCING COSTS

INTEREST INCOME

	2016	2015
Bank accounts and short-term deposits	(1)	(131)
Other interest income	(295)	(695)
	(296)	(826)

INTEREST EXPENSES

	2016	2015
Long-term interest-bearing loans	19,270	20,166
Short-term credits and cash loans	182	158
Other interest payable	490	746
	19,942	21,070
Total interest	**19,646**	**20,244**
Value movements in financial derivatives	824	1,647
Reclassification of unrealised results on financial derivatives from equity	(117)	4,812
Exchange rate differences	(9)	5
	20,344	26,708

8 GENERAL EXPENSES

	2016	2015
Personnel costs	7,121	7,645
Remuneration of Supervisory Board	157	169
Consultancy and audit costs	1,024	1,166
Appraisal costs	521	551
Accommodation and office costs	1,361	1,237
Other expenses	1,521	1,111
	11,705	**11,879**
Attributed to operating expenses	(3,192)	(3,356)
	8,513	8,523

PERSONNEL COSTS

During 2016, an average of 49 employees (full-time equivalents) were employed by Vastned (2015: 52), 27 of whom were in the Netherlands and 22 abroad (2015: 27 in the Netherlands and 25 abroad).
In the year under review, Vastned was accountable for € 4.8 million in wages and salaries (2015: € 5.2 million), € 0.7 million in social security charges (2015: € 0.7 million) and € 0.6 million in pension premiums (2015: € 0.7 million).

The other personnel costs amounted to € 1.0 million (2015: € 1.0 million).

AUDIT COSTS

The consultancy and audit costs include the costs shown below, which were charged by Ernst & Young Accountants LLP (2015: Deloitte Accountants) for work carried out for Vastned Retail N.V. and its subsidiaries.

	2016	2015
Audit fees	282	243
Audit-related fees	-	33
Other non-audit-related fees	4	27
	286	303

The audit costs include a sum of € 0.2 million (2015: Deloitte Accountants B.V. € 0.2 million) for Ernst & Young Accountants LLP in the Netherlands.

OTHER EXPENSES

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

9 INCOME TAX

CURRENT INCOME TAX EXPENSE

	2016	2015
Current financial year	1,293	1,227

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

In respect of:		
Value movements in property	(4,232)	4,303
Use of offsettable losses	(2)	141
	(4,234)	**4,444**
	(2,941)	5,671

The geographic breakdown of the income tax is as follows:

	2016			2015		
	Current income tax expense	Movement in deferred tax assets and liabilities	Total	Current income tax expense	Movement in deferred tax assets and liabilities	Total
The Netherlands	146	-	146	305	-	305
France	(21)	-	(21)	(338)	-	(338)
Belgium	55	42	97	(63)	13	(50)
Spain	166	963	1,129	-	1,895	1,895
Portugal	114	(778)	(664)	153	117	270
Turkey	833	(4,461)	(3,628)	1,170	2,419	3,589
	1,293	(4,234)	(2,941)	1,227	4,444	5,671

RECONCILIATION OF EFFECTIVE TAX RATE

	2016		2015	
Result before taxes		30,576		76,425
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates for subsidiaries operating in other jurisdictions	(9.0%)	(2,764)	8.2%	6,301
Change in tax rates	0.0%	-	(0.1%)	(62)
Adjustment to previous financial years	(0.6%)	(177)	(0.7%)	(568)
	(9.6%)	(2,941)	7.4%	5,671

The companies within the group are taxed according to the tax regulations in the country in which they are established; a few countries have special fiscal regimes for property investments.

DUTCH FBI REGIME

In the Netherlands, Vastned and several subsidiaries constitute a tax group which qualifies as a fiscal investment institution ('FBI') for corporate income tax ('Vpb'). As long as this tax group continues to satisfy the conditions for qualifying as an FBI, the tax group's fiscal result is taxed at a corporate income tax rate of 0%. The Dutch property portfolio is largely held by this tax group. The conditions of the FBI regime mainly concern the investment character of the 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. Two Dutch companies which hold Dutch property are subject to the regular fiscal regime, which means that the income less interest, management fees and other expenses paid is taxed at the nominal corporation tax rate of 25.00%.

BELGIAN GVV REGIME

In Belgium, virtually the entire property portfolio is held by the regulated property business ('GVV') Vastned Retail Belgium NV. A regulated property business essentially has tax-exempt status, so that no tax is payable in Belgium on the net rental income and capital gains realised there. The requirements for applying the status of a regulated property business are in principle comparable to those for the Dutch FBI regime.
One property is held by a company that is subject to the regular fiscal regime, which means that the income less interest, depreciation, management fees and other expenses paid is taxed at the nominal tax rate of 33.99%.

FRENCH SIIC REGIME (SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE)

In France, the entire property portfolio is held by various French companies which are subject to the French SIIC regime. Under this fiscal regime, no tax is owed on the net rental income and capital gains realised. The requirements of the SIIC regime are in principle comparable to those for the Dutch FBI regime.
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 paid, is taxed at a nominal tax rate of 38.00%.

SPAIN, PORTUGAL AND TURKEY

In Spain and Turkey, the properties are held by companies subject to the usual tax rules. In Spain, the nominal tax rate is 25.00% and in Turkey 20.00%. Depreciation, interest, management fees and other expenses paid are deducted from the taxable net rental income realised in these companies.

In Portugal, the property was held by a company subject to the usual tax rules. The nominal tax rate is 22.50%. Depreciation, interest, management fees and other expenses paid are deducted from the taxable net rental income realised in this company. The company was sold on 2 December 2016.

The calculation of deferred tax assets and liabilities is based on the nominal corporate income tax rates as effective on 1 January 2017.

10 RESULT PER SHARE

	2016 Basic	2016 Diluted	2015 Basic	2015 Diluted
Result	**26,431**	**26,431**	**65,471**	**65,471**
Adjustment for effect of convertible bond loan	-	3,314	-	3,312
Result adjusted for effect of convertible bond loan	26,431	29,745	65,471	68,783

AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE

	2016 Basic	2016 Diluted	2015 Basic	2015 Diluted
Balance as at 1 January	19,036,646	19,036,646	19,036,646	19,036,646
Adjustment for effect of convertible bond loan	-	2,538,071	-	2,490,942
Average number of ordinary shares in issue	19,036,646	21,574,717	19,036,646	21,527,588

PER SHARE (X € 1)

	2016 Basic	2016 Diluted	2015 Basic	2015 Diluted
Result	1.39	1.38	3.44	3.20

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

11 DIVIDEND

On 13 May 2016, the final dividend for the 2015 financial year was made payable. The dividend amounted to € 1.31 per share in cash. This dividend payment totalled € 24.9 million.

On 25 August 2016, the interim dividend for the 2016 financial year was made payable. The interim dividend amounted to € 0.73 per share in cash (total payout: € 13.9 million).

Based on the dividend policy and with due consideration for the conditions associated with fiscal investment institution status in the sense of Article 28 of the 1969 Netherlands Corporate Income Tax Act and for the interim dividend already paid out, the Executive Board proposes that a final dividend of € 1.32 per share be paid out in cash for the 2016 financial year.

If the General Meeting of Shareholders of 20 April 2017 approves the dividend proposal, the dividend will be made payable to shareholders on 9 May 2017. The dividend to be distributed has not been entered on 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:

ASSETS VALUED AT FAIR VALUE

	Level	2016 Book value	2016 Fair value	2015 Book value	2015 Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,614,793	1,614,793	1,647,900	1,647,900
Current assets					
Debtors and other receivables	3	5,674	5,674	2,211	2,211
Cash and cash equivalents	3	1,280	1,280	2,762	2,762

LIABILITIES VALUED AT FAIR VALUE

	Level	2016 Book value	2016 Fair value	2015 Book value	2015 Fair value
Long-term liabilities					
Long-term interest-bearing loans	2	601,610	618,883	652,513	672,601
Financial derivatives	2	6,145	6,145	5,427	5,427
Guarantee deposits and other long-term liabilities	3	3,559	3,559	3,557	3,557
Short-term liabilities					
Payable to banks	3	14,654	14,654	7,953	7,953
Redemption of long-term interest-bearing loans	3	57,518	57,518	25,017	25,017
Financial derivatives	2	106	106	-	-
Other liabilities and accruals	3	21,734	21,734	22,854	22,854

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 2016 or 2015.

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.

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 the end of December 2016.

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 property in operation, the financial derivatives and long-term interest-bearing loans, see the notes to the particular assets and liabilities.

13 PROPERTY

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

VALUATION OF PROPERTY

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

	The Netherlands		France		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	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
2016											
Appraisal value as at 31 December	450,960	233,050	347,113	35,192	217,514	143,421	84,343	3,200	100,000	1,199,930	414,863
Lease incentives still to be granted as of the balance sheet date	766	909	399	58	299	133	134	-	370	1,968	1,100
Market rental value per sqm (x € 1)	586	155	791	167	384	139	1,295	305	602	597	151
Theoretical annual rental value per sqm (x € 1)	532	168	711	201	399	146	1,151	294	651	567	164
Vacancy rate at end of reporting year	1.1	8.1	1.0	8.0	0.8	2.8	-	-	0.4	0.9	6.4
Weighted average lease term in years (first break)	4.5	3.4	2.0	2.0	1.9	1.9	3.6	5.0	1.4	2.9	2.8
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	3.6	6.3	3.7	6.1	4.2	5.8	3.3	5.0	7.7	4.0	6.1
2015											
Appraisal value as at 31 December	425,695	317,495	299,695	38,485	209,600	147,281	54,800	21,663	133,186	1,122,976	524,924
Lease incentives still to be granted as of the balance sheet date	131	283	254	48	290	63	-	-	-	675	394
Market rental value per sqm (x € 1)	570	166	733	193	403	142	1,406	149	671	590	160
Theoretical annual rental value per sqm (x € 1)	524	182	664	217	392	146	1,288	193	653	551	175
Vacancy rate at end of reporting year	0.3	5.0	0.4	10.9	-	3.5	-	-	0.6	0.3	4.9
Weighted average lease term in years (first break)	4.7	3.5	2.2	1.9	1.9	2.3	3.5	5.9	1.8	3.1	3.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	3.9	6.7	3.9	5.9	4.1	5.6	3.6	7.6	5.8	4.1	6.4

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

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

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

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

An increase in the net yields used in the appraised values of 25 basis points will result in a decrease of € 84.0 million or 5.2% (2015: € 80.8 million or 4.9%) in the value of the property in operation and an increase of approximately 229 basis points (2015: approximately 214 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 € 47.6 million or 2.9% (2015: € 41.2 million or 2.5%) in the value of the property portfolio and an increase of approximately 127 basis points (2015: approximately 107 basis points) in the loan-to-value ratio.

PROPERTY IN OPERATION AND UNDER RENOVATION

As at 31 December 2016, 87% of the property in operation was appraised by independent certified appraisers. The independent certified appraisers who appraised the property are as follows: CBRE in Amsterdam, Brussels, Madrid and Paris, Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris, Crédit Foncier Expertise in Paris and Pamir & Soyuer in Istanbul.

	2016			2015		
	In operation	Under renovation	Total	In operation	Under renovation	Total
Balance as at 1 January	1,644,828	-	1,644,828	1,532,199	2,254	1,534,453
Acquisitions	75,905	-	75,905	163,975	-	163,975
Capital expenditure	5,821	(232)	5,589	3,044	(22)	3,022
Taken into/out of operation	(9,645)	9,645	-	2,840	(2,840)	-
Disposals	(91,228)	(8,250)	(99,478)	(82,660)	-	(82,660)
	1,625,681	**1,163**	**1,626,844**	**1,619,398**	**(608)**	**1,618,790**
Value movements	(13,956)	(1,163)	(15,119)	25,430	608	26,038
Balance as at 31 December	1,611,725	-	1,611,725	1,644,828	-	1,644,828
Accrued assets in respect of lease incentives	3,068	-	3,068	3,072	-	3,072
Appraisal value as at 31 December	1,614,793	-	1,614,793	1,647,900	-	1,647,900

The acquisitions in the Netherlands in 2016 involved premium city high street shops in Amsterdam and Utrecht for € 21.4 million (2015: € 119.0 million). In France, premium city high street shops were acquired in Paris for € 27.9 million (2015: € 16.1 million). In Spain, two premium city high street shops were acquired for a total amount of € 26.6 million (2015: nil). No property was acquired in Belgium or Turkey in 2016 (2015: € 28.9 million).

The capital expenditure in 2016 involved improvements to a number of properties throughout the various countries.

In 2016, the disposals involved premium city high street shops in the Netherlands for € 12.4 million (2015: € 18.6 million), high street shops in the Netherlands, Belgium and Portugal for € 39.2 million (2015: € 33.7 million) and non-high street shops in the Netherlands and Spain for € 43.3 million (2015: € 32.7 million). A negative result on disposal of € 4.6 million compared to the most recent book value was realised on these disposals (2015: positive € 2.3 million).

Mainly due to the challenging conditions for high street shops and non-high street shops, the value movements in the Netherlands amounted to negative € 6.8 million.

In France, Belgium and Spain, the value movements totalled positive € 15.1 million, positive € 7.2 million and positive € 3.6 million, respectively. In France and Spain, the share of premium city high street shops is relatively high, which is expressed in the value movements. In Belgium, the positive value movements are not only attributable to the premium city high street shops, but also to the positive valuation results of the 'baanwinkels'.

The value movements in the Turkish property portfolio totalled negative € 33.0 million in 2016. This was due to the fact that consumer spending has been under pressure in Turkey for some time, which has in turn put pressure on retailers' turnover. The reason for this is the geopolitical developments and uncertain economic situation in Turkey, which are putting a damper on tourism, an important source of revenue for Turkey. Foreign and local investment is also down and Turkey is experiencing capital flight. Added to this is the negative effect of the drop in value of the Turkish Lira. No improvement in this is expected in the short term and (market) rents are expected to be under pressure as a result for the years to come. These circumstances have been realistically incorporated in the appraisal of the Turkish property portfolio.

ACCRUED ASSETS IN RESPECT OF LEASE INCENTIVES

	2016	2015
Balance as at 1 January	3,072	3,095
Lease incentives	2,037	1,887
Charged to the profit and loss account	(2,011)	(1,966)
Other	(30)	56
Balance as at 31 December	3,068	3,072

Property with a value of € 0.9 million (2015: € 0.9 million) serves as security for loans contracted (also see 20 LONG-TERM INTEREST-BEARING LOANS).

For further details on the property in operation, please see the 2016 PROPERTY PORTFOLIO overview included elsewhere in this annual report.

14 DEFERRED TAX ASSETS AND LIABILITIES

	1 January 2016						31 december 2016	
	Liabilities	Movement in profit and loss account	To assets/ liabilities	Reclassification	Disposal of subsidiaries	Other	Assets	Liabilities
Valuation differences in property	24,851	(4,232)	(682)	275	(614)	-	-	19,598
Offsettable losses	(265)	(2)	267	(275)	-	-	275	-
	24,586	(4,234)	(415)	-	(614)	-	275	19,598

	1 January 2015						31 december 2015	
	Liabilities	Movement in profit and loss account	To assets/ liabilities	Reclassification	Disposal of subsidiaries	Other	Assets	Liabilities
Valuation differences in property	20,472	4,303	-	(293)	-	369	-	24,851
Offsettable losses	(612)	141	-	293	-	(87)	-	(265)
	19,860	4,444	-	-	-	282	-	24,586

The deferred tax assets and liabilities as per 31 December 2016 concern Spain, Turkey and Belgium.

The offsettable losses relate to Spain and there are no limits on carrying these forward in time.

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

As of the balance sheet date, additional unused tax losses totalled € 10.1 million (2015: € 10.5). In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset was recognised.
Of this amount, € 1.2 million (2015: € 1.4 million) expires in the period 2017 to 2024, inclusive, and an amount of € 8.9 million (2015: € 9.1 million) can be carried forward in time indefinitely.

15 DEBTORS AND OTHER RECEIVABLES

	2016	2015
Debtors	2,884	3,048
Provision for doubtful debtors	(2,657)	(2,644)
	227	**404**
Indirect taxes	821	15
Receivable from disposals	2,157	288
Interest	4	-
Service charges	213	171
Prepaid expenses	1,735	673
Other receivables	517	660
	5,674	2,211

The other receivables include items with a term in excess of one year with a total value of € 0.1 million (2015: € 0.1 million).

16 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.

17 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 investment grade rating.

The credit risk associated with the financial derivatives entered into is limited by only concluding transactions with reputable financial institutions with at least an investment grade rating.

The credit risk attributable to 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 accounts receivable aging as of 31 December was as follows:

	2016		2015	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	505	352	381	271
Overdue by between 31 and 90 days	75	1	58	33
Overdue by between 91 days and one year	689	689	984	867
Overdue by more than one year	1,615	1,615	1,625	1,473
	2,884	2,657	3,048	2,644

Movements in the provision for doubtful debtors were as follows:

	2016	2015
Balance as at 1 January	2,644	2,315
Allocation to the provision	853	600
Write-off for doubtful debtors	(513)	(181)
Release	(327)	(90)
Balance as at 31 December	2,657	2,644

Receivables are recognised after deduction of a provision for doubtful debtors.

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

18 SHAREHOLDERS' EQUITY

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

The Vastned Retail shareholders' equity was € 42.26 per share as of 31 December 2016 (31 December 2015: € 42.90 per share).

NUMBER OF SHARES IN ISSUE

	2016	2015
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 in which the shares are not cancelled, these rights are suspended until such time as the shares are reissued.

19 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 plan. Unconditional indexation of a maximum of 2% per year applies to a small group of employees.
The pension schemes for the employees in other countries where Vastned has branches can be qualified as defined contribution pension schemes.

Mercer (Nederland) B.V. used the following assumptions for the actuarial calculations concerning the defined benefit pension plans:

	31-12-2016	31-12-2015
Discount rate	2.00%	2.60%
Expected rate of future salary increases (dependent on age and including inflation correction)	1.00% - 5.00%	1.00% - 5.00%
Future pension increases	0.00% - 1.80%	0.00% - 2.00%

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

	Present value of defined benefit obligation		Fair value of plan assets		Net obligation in respect of employee benefits	
	2016	2015	2016	2015	2016	2015
Balance as at 1 January	22,984	24,340	17,003	17,854	5,981	6,486
Recognised in the profit and loss account						
Service cost	497	546	-	-	497	546
Interest	592	555	441	411	151	144
Administration costs	-	-	(43)	(51)	43	51
Total recognised in the profit and loss account	1,089	1,101	398	360	691	741
Recognised in other comprehensive income						
Effect of adjusting demographic assumptions	(79)	-	-	-	(79)	-
Effect of adjusting discount rate	2,507	(2,106)	-	-	2,507	(2,106)
Effect of experience adjustments	(1,078)	7	-	-	(1,078)	7
Effect of changes to financial assumptions	-	-	1,669	(1,319)	(1,669)	1,319
Total recognised in other comprehensive income	1,350	(2,099)	1,669	(1,319)	(319)	(780)
Contributions and benefits paid						
Employer contributions	-	-	421	466	(421)	(466)
Employee contributions	45	46	45	46	-	-
Benefits paid	(404)	(404)	(404)	(404)	-	-
Total contributions and benefits paid	(359)	(358)	62	108	(421)	(466)
Balance as at 31 December	25,064	22,984	19,132	17,003	5,932	5,981
Long-term employee benefits					77	66
Total					6,009	6,047

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

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

	2016	2015
Employer service costs	497	546
Net interest	151	144
Administration costs	43	51
	691	**741**
Defined contribution pension plans	133	136
	824	877

Vastned expects to contribute a total of € 0.4 million to its defined benefit pension plans in 2017. Vastned expects to contribute a total of € 0.1 million to its defined contribution pension plans in 2017.

SENSITIVITY ANALYSIS

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

	Minus 25 basis points	Discount rate used	Plus 25 basis points
	1.75%	2.00%	2.25%
Present value of defined benefit obligation	26,550	25,064	23,689
Service cost	589	545	504

Because of the lack of materiality, it was decided not to provide sensitivity analyses of changes in future salary increases (dependent on age and including inflation correction) and future pension increases.

20 LONG-TERM INTEREST-BEARING LOANS

Movements in the long-term interest-bearing loans were as follows:

	2016	2015
Balance as at 1 January	652,513	599,388
Short-term portion as at 1 January	25,017	15,267
Remaining principal as at 1 January	677,530	614,655
Drawn down on new long-term credit facilities	-	44,897
Drawn down on existing long-term credit facilities	4,674	58,200
Redemptions	(25,017)	(42,167)
Application of effective interest method	1,941	1,945
Remaining principal as at 31 December	659,128	677,530
Short-term portion at year-end	(57,518)	(25,017)
Balance as at 31 December	601,610	652,513

As at 31 December, the interest-bearing loans consist of:

	2016				2015			
	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 rate 1)	73	87	160	1.50	72	106	178	1.50
• floating interest rate	-	-	-	-	-	-	-	-
	73	**87**	**160**	**1.50**	**72**	**106**	**178**	**1.50**
Unsecured loans								
• fixed interest rate 1)	254,355	209,393	463,748	2.87	345,912	85,000	430,912	3.15
• floating interest rate	-	137,702	137,702	1.50	221,423	-	221,423	1.58
	254,355	**347,095**	**601,450**	**2.56**	**567,335**	**85,000**	**652,335**	**2.62**
Total								
• fixed interest rate 1)	254,428	209,480	463,908	2.87	345,984	85,106	431,090	3.15
• floating interest rate	-	137,702	137,702	1.50	221,423	-	221,423	1.58
	254,428	347,182	601,610	2.56	567,407	85,106	652,513	2.62

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

In 2016 Vastned renegotiated its existing syndicated credit facility, whereby the available facility was increased by € 75.0 million to € 375.0 million and the term was extended by two years to February 2022.
Vastned also renegotiated its existing unsecured loan of € 75.0 million with AXA Real Estate Investment Managers in 2016, whereby the term was extended by three years to September 2024 and the coupon was converted from a floating interest rate into a fixed interest rate.

The right of mortgage on property with a value of € 0.9 million (2015: € 0.9 million) has been granted as security for the secured loans.
A positive/negative mortgage declaration was issued for the unsecured loans. In addition, the 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 as of 31 December 2016. Please see 23 FINANCIAL INSTRUMENTS for more details on the conditions set by the lenders.

The part of the long-term interest-bearing loans due within one year of € 57.5 million (2015: € 25.0 million) is recognised under short-term liabilities.

As of 31 December 2016, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 759.1 million (2015: € 708.3 million).
The unused credit facility of the long-term interest-bearing loans as of 31 December, 2016 was € 100.0 million (2015: € 30.8 million).

The convertible bond loan below is included in the Long-term interest-bearing loans:

Year of issue	Term	Carrying amount	Interest rate 1)	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 43.34	2,538,071

1) Fixed interest rate

	2016	2015
Balance as at 1 January	105,912	104,663
Application of effective interest method	1,252	1,249
Balance as at 31 December	107,164	105,912

The bonds are 'senior', 'unsecured' and convertible into ordinary Vastned shares, subject to Vastned's discretion in opting for a payment in cash instead of in partial or full delivery in shares. The conversion price was initially € 46.19 and was adjusted to € 43.34 after the payment of dividend in the years 2014 to 2016, inclusive. Vastned has the option of redeeming all outstanding bonds by paying the principal plus the interest incurred, in cash, after 8 May 2017, if the volume-weighted average price of the share is more than 130% of the conversion price for a certain period of time, or at any moment that the principal of the bonds outstanding at that moment is less than 15% of the issued bonds.

The convertible bonds are listed on the Frankfurt Stock Exchange.
Because there is no active trade in these bonds, the fair value of the bond loan is determined in accordance with level 2.

The average term of the long-term interest-bearing loans was 4.4 years (2015: 4.0).

The average interest rate in 2016 was 2.73% (2015: 2.85%).

21 PAYABLE TO BANKS

	2016	2015
Credit facility	76,903	76,969
amount drawn down as at 1 January	7,953	2,304
on balance drawn down in financial year	6,701	5,649
Drawn down as at 31 December	14,654	7,953
Unused credit facility as at 31 December	62,249	69,016

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, subject to an agreed threshold, property will only be mortgaged to third parties subject to the lender’s approval.

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

The average interest rate in 2016 was 1.20% (2015: 1.45%).

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

22 OTHER LIABILITIES AND ACCRUALS

	2016	2015
Accounts payable	2,533	1,030
Investment creditors	1,081	1,022
Dividend	24	24
Indirect taxes	1,323	1,673
Prepaid rent	6,769	7,728
Interest	3,436	4,365
Operating expenses	2,132	2,184
Payable in respect of acquisitions	142	-
Other liabilities and accruals	4,294	4,828
	21,734	22,854

23 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 and Compliance 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 may have to be agreed to. To limit this risk, Vastned’s starting point is to limit loan capital financing of the property portfolio to approximately 40%-45% of the market value of the investment properties. At the end of 2016, this ratio was 41.8% (year-end 2015: 41.6%). In line with these targets, solvency ratios and interest coverage ratios have been agreed in virtually all of the 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 2016, the solvency ratio was 56.1% (31 December 2015: 56.0%), which is in compliance with the solvency ratios of at least 45% agreed with lenders.

The interest coverage ratio is calculated by taking net rental income and dividing by net financing costs (excluding value movements in financial derivatives). The interest coverage ratio for 2016 was 4.0 (2015: 4.1), which was well above the ratio of 2.0 agreed with lenders.

At year-end 2016, the weighted average term of the long-term interest-bearing loans was 4.4 years (31 December 2015: 4.0 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 pooling schemes.

At year-end 2016, Vastned had € 76.9 million (31 December 2015: € 77.0 million) in short-term credit facilities available, of which it had drawn down € 14.7 million (31 December 2015: € 8.0 million). The unused credit facility of the long-term interest-bearing loans as of 31 December 2016 was € 100.0 million (31 December 2015: € 30.8 million). The total unused credit facility as of 31 December 2016 was € 162.2 million, therefore (31 December 2015: € 99.8 million).

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

2016

	Balance sheet value	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Long-term interest-bearing loans	601,610	663,709	13,652	295,045	355,012
Financial derivatives (long-term liabilities)	6,145	7,348	2,594	4,754	-
Payable to banks [2]	14,654	15,054	15,054	-	-
Redemption of long-term interest-bearing loans [2]	57,518	59,160	59,160	-	-
Financial derivatives (short-term liabilities)	106	108	108	-	-
Other liabilities and accruals	21,734	21,734	21,734	-	-
	701,767	767,113	112,302	299,799	355,012

2015

	Balance sheet value	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Long-term interest-bearing loans	652,513	720,371	15,962	618,142	86,267
Financial derivatives (long-term liabilities)	5,427	8,326	2,286	5,669	371
Payable to banks [2]	7,953	7,953	7,953	-	-
Redemption of long-term interest-bearing loans [2]	25,017	25,106	25,106	-	-
Other liabilities and accruals	22,854	22,854	22,854	-	-
	713,764	784,610	74,161	623,811	86,638

1) The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the Euribor market interest rates in effect on 1 January 2017 or 1 January 2016, respectively.
2) 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 paid. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle, depending on developments in interest rates. Beyond this, the aim is to have a balanced spread of interest rate review dates within the long-term loan capital portfolio and a typical minimum interest rate term of three years. At least once per quarter, a report on the interest rate and financing and refinancing risks is submitted to the Audit and Compliance Committee and the Supervisory Board.

Vastned mitigates its interest rate risk on the one hand by raising fixed-interest long-term loans, like the convertible bond loan, and on the other by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The Group does not apply hedge accounting and recognises value movements of all interest rate derivatives entered into by the Group in the profit and loss account.

At year-end 2016, the interest rate risk on loans with a nominal value of € 225.0 million (31 December 2015: € 225.0) was hedged by means of interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.29% to 2.60% (31 December 2015: 0.29% to 2.60%) (excluding margins) and expiry dates ranging from 15 December 2017 to 22 September 2021 (31 December 2015: 15 December 2017 to 22 September 2021).

The market value of the interest rate swaps amounted to negative € 6.3 million at year-end 2016 (31 December 2015: negative € 5.4 million). This on balance negative market value, which will amount to nil on the expiry date, will be charged to the consolidated profit and loss account for the remaining term of these interest rate swaps, unless it is decided to settle these interest rate swaps before the expiry dates.

Taking into account the interest rate swaps mentioned above, of the total long-term interest-bearing loans in the amount of € 601.6 million (31 December 2015: € 652.5 million), € 463.9 million was at a fixed interest rate at year-end 2016 (31 December 2015: € 431.1 million) (see 23 B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS).

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

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 3.5 years (2015: 3.8).

All transactions involving financial derivatives are entered into with reputable banks with at least an investment grade rating as counterparty. For this reason, it is considered unlikely that the counterparties will be unable to fulfil their obligations.

Interest rate sensitivity

As of 31 December 2016, the impact on the interest expense of a hypothetical 100-basis-point increase in interest rates - all other factors remaining equal - would be € 0.5 million negative (31 December 2015: € 2.3 million negative). Should interest rates decrease by 50 basis points as of this date (all other factors remaining equal), the impact on the interest expense would be € 0.8 million negative (31 December 2015: € 1.1 million positive). Because a number of loan agreements contain a clause stipulating that the interest rate may not be negative, a 50-basis-point decrease in the interest rates would have a negative impact on interest expense.
The calculations take into account 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 euro zone. Vastned has property in Istanbul, Turkey. Turkey is not in the euro zone, which means it does involve a currency risk. 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 rental value in euros in the leases wherever possible and by financing the investment 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

	2016			2015		
	Contractual revision	Interest rate revision	Average interest rate 1)	Contractual revision	Interest rate revision	Average interest rate 1)
2016	-	-	-	-	178	1.50
2017	-	10,000	2.46	42,700	47,500	4.33
2018	15,000	15,000	3.75	15,000	20,000	3.68
2019	142,164	147,164	2.77	140,912	145,912	2.77
2020	87,191	132,191	3.68	368,723	132,500	3.54
2021	10,000	85,000	2.24	85,000	85,000	2.41
2022 and beyond	347,255	74,553	2.22	178	-	-
Total long-term interest-bearing loans with a fixed interest rate	601,610	463,908	2.87	652,513	431,090	3.15
Long-term interest-bearing loans with a floating interest rate	-	137,702	1.50	-	221,423	1.58
Total long-term interest-bearing loans	601,610	601,610	2.56	652,513	652,513	2.62

1) Including interest rate swaps and credit spreads in effect at year-end 2016 and 2015.

C OVERVIEW OF FAIR VALUE INTEREST RATE DERIVATIVES

	2016		2015	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	-	6,251	-	5,427

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2016		2015	
	Fair value interest rate derivatives	Carrying amounts loans	Fair value interest rate derivatives	Carrying amounts loans
Interest rate swaps < 1 year	(106)	10,000	-	-
Interest rate swaps 1-2 years	(2,170)	45,000	(187)	10,000
Interest rate swaps 2-5 years	(3,975)	170,000	(4,297)	130,000
Interest rate swaps > 5 years	-	-	(943)	85,000
	(6,251)	225,000	(5,427)	225,000

For the purposes of the valuation method, the interest rate derivatives are classed under 'level 2'. The fair value of the derivatives is determined with reference to information from reputable financial institutions, which 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.

24 RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

In 2014, Vastned sold the business Hispania Retail Properties S.L., owner of the seven shopping centres/galleries and a retail park in Spain, to Orange Parent B.V., the company of a consortium consisting of The Baupost LLC, GreenOak Real Estate and Grupo Lar. Besides the usual balance sheet guarantees, this consortium was also given a guarantee concerning a tax-offsettable loss existing as of 2012 which had been made up of several years. The balance sheet guarantee expired in 2015 without the buyers having invoked it. The guarantee concerning the guaranteed tax-offsettable loss decreases year by year, with the last portion expiring as of 25 July 2017. As of the balance sheet date, an amount of maximum € 3.0 million remains of the guarantee in respect of the guaranteed tax-offsettable loss.

In 2015 and 2016, companies that own property were acquired. The acquisitions are reported as the takeover of assets. The provisions for deferred tax liabilities not recognised in the balance sheet amount to € 13.8 million in total.

In 2016, a subsidiary of Vastned, Vastned Projecten, sold the company Vastned Lusitania Investimentos Imobiliários, S.A. (Lusitania), owner of the property located in Portugal, to Prowinko Portugal, S.A. Besides the guarantees customary for such transactions, the buyer was also given indemnification for certain amounts that Lusitania had not paid to the owners' associations, for corrections relating to tax write-offs, VAT corrections, withholding taxes and stamp duties on a group loan. As the parent company, Vastned Retail stood as guarantor vis-à-vis the buyer's parent companies for the payment obligations of Vastned Projecten under this contract of sale. Vastned does not expect any impact to be significant.

25 OPERATING LEASES

Vastned lets its property in the form of operating leases.

The future minimum income from non-cancellable operating leases, based on the current contract rent, is as follows:

	2016	2015
Within one year	80,141	86,956
One to five years	139,715	167,052
More than five years	27,911	29,291
	247,767	283,299

In the Netherlands, the leases are usually 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 terminating or renewing the lease every three years. Depending on the contract, the annual rent adjustments take place based on the cost-of-construction index (ICC) or on a combination of the cost-of-construction index, the cost-of-living index and retail prices (ILC).

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, the leases are usually concluded for a minimum period of five years. Annual rent adjustments are based on the cost-of-living index.

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.

26 EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the consolidated financial statements have taken place since the balance sheet date.

27 RELATED PARTIES TRANSACTIONS

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

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 of year-end 2016, 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 percent:

M. Ohayon	7.14%
Commonwealth Bank of Australia	5.79%
BlackRock, Inc.	5.29%
NN Group N.V.	5.07%
FMR LLC	5.05%
JP Morgan Asset Management Holdings Inc.	4.99%
Société Fédérale de Participations et d'Investissements (SFPI)	3.02%

SUBSIDIARIES

Please see 28 SUBSIDIARIES and the CORPORATE GOVERNANCE chapter in the Report of the Executive Board for an overview of the subsidiaries and participating interests.

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

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE EXECUTIVE BOARD

During the 2016 financial year, none of the members of Vastned's Supervisory Board or Executive Board had a personal interest in the Company's investments.

REMUNERATION AND SHAREHOLDING OF THE SUPERVISORY BOARD

	Remuneration 2016	Shares held year-end 2016	Remuneration 2015	Shares held year-end 2015
M.C. van Gelder	43	3,100	24	-
W.J. Kolff (until 21 april 2016)	12	-	42	-
M. Bax	34	-	34	-
J.B.J.M. Hunfeld	34	1,400	34	-
C.M. Insinger	34	-	23	-
P.M. Verboom	-	-	12	-
	157	4,500	169	-

REMUNERATION AND SHAREHOLDING OF THE EXECUTIVE BOARD

2016

	Salary (including social security charges)	Bonus for 2016, payable in 2017	Buyout Long-Term Incentive scheme	Pension costs	Total	Shares held year-end 2016
T.T.J. de Groot	450	119	-	81	650	54,051
R. Walta	276	72	-	49	397	1,000
	726	191	-	130	1,047	55,051

2015

	Salary (including social security charges)	Bonus for 2015, payable in 2016	Buyout Long-Term Incentive scheme	Pension costs	Total	Shares held year-end 2015
T.T.J. de Groot	449	143	63	81	736	51,051
R. Walta	254	92	-	46	392	-
	703	235	63	127	1,128	51,051

Taco de Groot achieved 67% of his Short-Term Incentives Targets in 2016, for which he was granted a bonus of € 119, which will be paid in 2017.

Reinier Walta achieved 67% of his Short-Term Incentives Targets in 2016, for which he was granted a bonus of € 72, which will be paid in 2017.

Both Taco de Groot and Reinier Walta acquired their Vastned shares at their own expense. Vastned has not provided any guarantees with regard to these shares.

No option rights have been granted to the Executive Board or Supervisory Board members. Nor have any loans or advances been made to them or guarantees provided on their behalf.

The members of the Executive Board and Supervisory Board are designated as managers in key positions.

For further details of the remuneration, see the chapter 'Remuneration report 2016' included elsewhere in this annual report.

28 SUBSIDIARIES

The subsidiaries are:

	Country of establishment	Interest and voting rights as %
Vastned Retail Nederland B.V.	The Netherlands	100
Vastned Retail Monumenten B.V.	The Netherlands	100
Vastned Retail Nederland Projectontwikkeling B.V.	The Netherlands	100
- Rocking Plaza B.V.	The Netherlands	100
- MH Real Estate B.V.	The Netherlands	100
Vastned Management B.V.	The Netherlands	100
Vastned Projecten B.V.	The 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. 21 rue des Archives	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
Compagnie Financière du Benelux (Belgique) NV	Belgium	100
Vastned Retail Belgium NV	Belgium	65
- EuroInvest Retail Properties NV	Belgium	65
Korte Gasthuisstraat 17 NV	Belgium	100
Vastned Retail Spain S.L.	Spain	100
- Vastned Retail Spain 2 S.L.	Spain	100
Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş.	Turkey	100

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

- On 10 March 2016, Vastned acquired S.C.I. 21 rue des Archives and included it in the consolidation. S.C.I. 21 rue des Archives owns the property located at Rue des Archives 21 in Paris. The acquisition of S.C.I. 21 rue des Archives is recognised as a takeover of assets. The purchase price was € 8.1 million.
- On 16 September 2016, Vastned acquired the shares in MH Real Estate B.V. MH Real Estate B.V. owns the property located at Leidsestraat 2 in Amsterdam. The acquisition of the MH Real Estate B.V. shares is not regarded as the acquisition of a business combination but as the purchase of assets. MH Real Estate B.V. has been included in the consolidation since 16 September 2016. The purchase price was € 5.7 million.
- On 3 November 2016, Vastned incorporated the entity Vastned Retail Spain 2 S.L., via its subsidiary Vastned Retail Spain S.L. Vastned Retail Spain 2 S.L. acquired the property Calle José Ortega y Gasset 15 in Madrid in November and the property Calle de Fuencarral 37 in Madrid in December. Vastned Retail Spain 2 S.L. has been included in the consolidation since its incorporation.
- On 2 December 2016, Vastned sold its subsidiary Vastned Lusitania Investimentos Imobiliarios S.A., which entity owns the Portuguese property portfolio. The net proceeds from the disposal amounted to € 11.4 million. As of the sale date, Vastned Lusitania Investimentos Imobiliários S.A. is no longer included in the consolidation.

The non-controlling interest included in the balance sheet as of 31 December 2016 concerns the share of non-controlling shareholders in the Belgium-based subsidiary Vastned Retail Belgium NV and its subsidiary EuroInvest Retail Properties NV.

The summarised financial data of this subsidiary as of 31 December 2016 are as follows:

	2016 100%	2016 Non-controlling interests	2015 100%	2015 Non-controlling interests
Balance sheet				
Property	350,287	120,882	346,674	119,635
Other assets	2,542	877	1,363	470
	352,829	**121,759**	**348,037**	**120,105**
Equity	252,281	87,060	244,495	84,373
Long-term liabilities	63,332	21,856	69,651	24,036
Short-term liabilities	37,216	12,843	33,891	11,696
	352,829	**121,759**	**348,037**	**120,105**
Profit and loss account				
Net rental income	17,683	6,102	18,893	6,520
Value movements in property	7,178	2,477	2,350	811
Net financing costs	(2,059)	(711)	(3,344)	(1,154)
General expenses	(2,174)	(750)	(2,336)	(806)
Income tax	(95)	(33)	(255)	(88)
Result	20,533	7,085	15,308	5,283
Value movements of financial derivatives recognised in other comprehensive income	-	-	207	70
Comprehensive income	20,533	7,085	15,515	5,353
Cash flow statement				
Cash flow from operating activities	12,679	4,375	11,617	4,009
Cash flow from investing activities	2,718	938	15,379	5,307
Cash flow from financing activities	(15,349)	(5,297)	(27,063)	(9,339)
Total cash flow	48	16	(67)	(23)

A sum of € 4.4 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium NV in 2016 (2015: € 4.8 million).

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

In consultation with the Audit and Compliance Committee, the Executive Board has applied the following critical estimates and judgements that have a material effect on the amounts included in the financial statements.

KEY SOURCES OF ESTIMATE UNCERTAINTIES

Assumptions concerning pending legal proceedings
As of 31 December 2016, there were no legal proceedings whose final outcome the Executive Board expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the result. If the outcome of these legal proceedings should differ from what the Executive Board estimates, this might have a negative impact on the result.

CRITICAL ASSUMPTIONS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Assumptions concerning property in operation and under renovation
As described in 2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING, all property in operation and under renovation is 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 property in operation and under renovation 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 property in operation and under renovation and, as a consequence, on the result.

Assumptions concerning pensions
The Executive Board has made a number of assumptions concerning the development 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 increases. Especially if the realisation of the return on investments should prove to deviate materially, an actuarial result might ensue that must be recognised in other comprehensive income (see also 19 PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS).

30 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 14 February 2017.

COMPANY BALANCE SHEET AS AT 31 DECEMBER (before profit appropriation)

(x € 1,000)

ASSETS	2016	2015
Property in operation	8,260	8,370
Participations in group companies	1,089,942	1,411,162
Total fixed assets	1,098,202	1,419,532
Receivables from group companies	295,427	176,845
Debtors and other receivables	2,385	643
Income tax	56	4
Cash and cash equivalents	-	2
Total current assets	297,868	177,494
Total assets	**1,396,070**	**1,597,026**

EQUITY AND LIABILITIES	2016	2015
Capital paid-up and called-up	95,183	95,183
Share premium reserve	472,640	472,640
Hedging reserve in respect of financial derivatives	499	616
Translation reserve	(5,728)	(5,728)
Revaluation reserve	406,087	397,973
Other reserves	(190,675)	(209,515)
Result attributable to Vastned Retail shareholders	26,431	65,471
Equity Vastned Retail shareholders	804,437	816,640
Long-term interest-bearing loans	541,529	587,260
Financial derivatives	2,991	1,278
Guarantee deposits	56	102
Total long-term liabilities	544,576	588,640
Payable to banks	2,930	182,388
Redemption of long-term loans	37,500	-
Income tax	148	3,621
Other liabilities and accruals	6,479	5,737
Total short-term liabilities	47,057	191,746
Total equity and liabilities	**1,396,070**	**1,597,026**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

NET TURNOVER	2016	2015
Net rental income	333	385
General management expenses	(2,320)	(4,595)
Net turnover result	(1,987)	(4,210)
Other income from participations in group companies	1,674	1,811
Net result on disposal of property	-	317
Value movements in property in operation	(110)	468
Total other operating income	1,564	2,596
Other interest income and similar income	6,859	5,725
Interest expenses and similar expenses	(25,766)	(22,862)
Total interest income and expenses	(18,907)	(17,137)
Result before taxes	(19,330)	(18,751)
Current income tax expense	159	(233)
Share in result of participations in group companies	45,602	84,455
Result after taxes	26,431	65,471

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL INFORMATION

The company financial statements are part of the 2016 financial statements, which also include the consolidated financial statements.
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 trade register in Rotterdam.

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

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

PROPERTY IN OPERATION

	2016	2015
Balance as at 1 January	8,370	7,878
Value movements	(110)	492
Appraisal value as at 31 December	8,260	8,370

PARTICIPATIONS IN GROUP COMPANIES

	2016	2015
Balance as at 1 January	1,411,162	1,405,817
Acquisitions and capital contributions	-	47,500
Repayment of capital	-	(69,169)
Share in result	45,602	84,455
Share in other comprehensive income	319	917
Distributions received	(367,141)	(58,358)
Balance as at 31 December	1,089,942	1,411,162

As of 31 December 2016, Vastned and its subsidiaries together held 3,325,960 Vastned Retail Belgium shares (31 December 2015: 3,325,960 shares). The net asset value per share on 31 December 2016 was € 49.68 (31 December 2015: € 48.14 per share).

The share price of Vastned Retail Belgium shares on 31 December 2016 was € 53.85 (31 December 2015: € 55.97 per share).

Please see 28 SUBSIDIARIES in the consolidated financial statements for further explanation about the participations in group companies.

RECEIVABLES FROM GROUP COMPANIES

	2016	2015
Balance as at 1 January	176.845	37.379
Provided to group companies	129.806	185.493
Repaid by group companies	-	(46.027)
Disposals	(3.600)	-
Exchange rate differences	(7.624)	-
Balance as at 31 December	295.427	176.845

The receivables from group companies include € 197.3 million in loans with interest rates ranging from 2.95% to 4.40% and expiring in the years 2018 to 2026, inclusive, and € 98.1 million in current account relationships with a floating interest rate and no fixed repayment date.

EQUITY

	Capital paid-up and called-up	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Result attributable to shareholders Vastned Retail	Equity share shareholders Vastned Retail
Balance as at 1 January 2015	95,183	472,640	(5,691)	(5,728)	375,162	(181,059)	31,706	782,213
Result	-	-	-	-	-	-	65,471	65,471
Remeasurement of defined benefit obligation	-	-	-	-	-	780	-	780
Value movements in financial derivatives	-	-	1,628	-	-	-	-	1,628
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	4,812	-	-	-	-	4,812
Reclassification	-	-	(133)	-	-	133	-	-
Final dividend for previous financial year in cash	-	-	-	-	-	-	(24,177)	(24,177)
2015 interim dividend in cash	-	-	-	-	-	(14,087)	-	(14,087)
Contribution from profit appropriation	-	-	-	-	-	7,529	(7,529)	-
Allocation to revaluation reserve	-	-	-	-	22,811	(22,811)	-	-
Balance as at 31 December 2015	95,183	472,640	616	(5,728)	397,973	(209,515)	65,471	816,640
Result	-	-	-	-	-	-	26,431	26,431
Remeasurement of defined benefit obligation	-	-	-	-	-	319	-	319
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	(117)	-	-	-	-	(117)
Final dividend for previous financial year in cash	-	-	-	-	-	-	(24,939)	(24,939)
2016 interim dividend in cash	-	-	-	-	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	-	40,532	(40,532)	-
Allocation to revaluation reserve	-	-	-	-	8,114	(8,114)	-	-
Balance as at 31 December 2016	95,183	472,640	499	(5,728)	406,087	(190,675)	26,431	804,437

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

- Hedging reserve in respect of financial derivatives
  This reserve contains the gains and losses in respect of the effective portion of the derivatives which were designated and qualified as cash flow hedges.

- Translation reserve
  The translation reserve contains the unrealised translation results on net investments and unrealised translation results on intercompany loans that are materially part of the net investment. In the event of a full or partial disposal of an entity or foreign operation, the cumulative balance of this 'Translation reserve' is recognised in the profit and loss account.

- Revaluation reserve
  The revaluation reserve relates to the property and contains the cumulative positive unrealised value movements in the property. The revaluation reserve is determined on the level of the property.

The legal reserves are not available for the payment of dividend.

LONG-TERM INTEREST-BEARING LOANS

	2016				2015			
	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 rate 1)	194,435	209,393	403,828	2.90	290,912	75,000	365,912	3.25
• floating interest rate	-	137,701	137,701	1.50	221,348	-	221,348	1.58
	194,435	**347,094**	**541,529**	**2.54**	**512,260**	**75,000**	**587,260**	**2.62**

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, the 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 as of 31 December 2016.

The part of the long-term interest-bearing loans due within one year which is recognised under short-term liabilities amounts to € 37.5 million (2015: nil).

The convertible bond loan below is included in the Long-term interest-bearing loans:

Year of issue	Term	Nominal value	Interest rate 1)	Conversion price	Maximum number of shares
2014	5 years	110,000	1.875%	€ 43.34	2,538,071

1) Fixed interest rate

The average term of the long-term interest-bearing loans was 4.6 years (2015: 4.0).

Please see 20 LONG-TERM INTEREST-BEARING LOANS in the consolidated financial statements for a more detailed explanation about the convertible bond loan.

FINANCIAL DERIVATIVES

	2016		2015	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	-	2,991	-	1,278

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2016		2015	
	Fair value interest rate derivatives	Carrying amounts loans	Fair value interest rate derivatives	Carrying amounts loans
Interest rate swaps < 1 year	-	-	-	-
Interest rate swaps 1-2 years	-	-	-	-
Interest rate swaps 2-5 years	(2,991)	135,000	(542)	60,000
Interest rate swaps > 5 years	-	-	(736)	75,000
	(2,991)	135,000	(1,278)	135,000

PAYABLE TO BANKS

The Company has a facility whereby the Company and its Dutch subsidiaries can make use of an offsettable system. This means that the current account balances on the level of the Company are decisive for the interest expenses and the interest benefit arising from this in the amount of € 1.5 million (2015: € 2.1 million) accrues to the Company.

NOTES TO THE PROFIT AND LOSS ACCOUNT

The net rental income consists of the amounts charged to the tenants according to the operational leases less the expenses directly related to the operation of the property.

The general management expenses include € 1.7 million in asset and property management fees charged by group companies (2015: € 3.7 million) and other general expenses in the amount of € 0.6 million (2015: € 0.9 million) and are mainly consultancy and audit expenses, publicity expenses and expenses related to the stock exchange listing.

Other operating income includes the other income from participations in group companies in the amount of € 1.7 million (2015: € 1.8 million), which consists of fees charged to group companies.
Also reported here are the value movements in property in the amount of negative € 0.1 million (2015: positive € 0.3 million) and the net result on the disposal of property in the amount of nil (2015: positive € 0.5 million).

Other interest income and similar income in the amount of € 6.9 million (2015: € 5.7 million) is predominantly related to the financing provided to the group companies.
The interest expenses and similar expenses in the amount of € 25.8 million (2015: € 22.9 million) consist of the interest on long-term interest-bearing loans and amounts payable to banks totalling € 16.6 million (2015: € 16.2 million), the value movements in financial derivatives amounting to € 1.6 million (2015: € 6.6 million) and the exchange rate difference on the receivable from the Turkish subsidiary amounting to € 7.6 million (2015: € 0.1 million).

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

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.

The Company heads a tax group for the purposes of Dutch corporate income tax and a tax group for the purposes of turnover tax and is consequently jointly and severally liable for the tax liabilities of the tax groups as a whole.

EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the company financial statements have taken place since the balance sheet date.

PROFIT APPROPRIATION

The Executive Board proposes to distribute the result as follows:

Result attributable to Vastned Retail shareholders	26,431
To be charged to the reserves	19,684
Available for dividend payment	**46,115**
Distributed earlier as interim dividend	(13,897)
Available for final dividend payment	32,218

Based on the dividend policy and with due consideration for the conditions associated with fiscal investment institution status in the sense of Article 28 of the 1969 Netherlands Corporate Income Tax Act, the Board of Management proposes that a final dividend of € 1.32 per share in cash be paid out for the 2016 financial year.

APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The company financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 14 February 2017.

OTHER INFORMATION

PROFIT DISTRIBUTION

In accordance with the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as the shareholders' equity of the Vastned Retail shareholders exceeds the sum of the capital paid-up and called-up plus 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.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of
Vastned Retail N.V.

REPORT ON THE AUDIT OF THE 2016 FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the 2016 financial statements of Vastned Retail N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements for 2016 give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2016 and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book II of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book II of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows;
- 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 2016;
- the company profit and loss account for 2016;
- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We have conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under these standards are further described in the section of our report entitled "Our responsibilities for the audit of the financial statements".

We are independent of Vastned Retail N.V. in accordance with the Code of Ethics for Professional Accountants (ViO: *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Dutch Code of Ethics (VGBA: *Verordening gedrags- en beroepsregels accountants*). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Materiality	€ 8.4 million
Benchmark applied	0.5% of total assets
Explanation	We consider total assets the best benchmark for materiality taking into account the nature and size of the business operations. For financial statement accounts with direct result impact materiality is EUR 2.4 million (5% of the expected direct result). We assume that for direct result a lower possible misstatement could influence economic decisions on the part of users of the financial statements.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material to the users of the financial statements for qualitative reasons.

We have arranged with the supervisory board to report to them immediately any misstatements identified during the audit in excess of EUR 110,000 for accounts with direct result impact and in excess of EUR 400,000 for other accounts, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Vastned Retail N.V. is at the head of a group of entities. The financial information on this group is included in the consolidated financial statements of Vastned Retail N.V.

Our group audit has mainly focused on significant group entities; in addition to Vastned Netherlands, these concern the countries of France, Belgium and Turkey. We have performed audit procedures ourselves at entities in the Netherlands. We have used the work of other auditors in auditing France, Belgium and Turkey. For Spain and Portugal we have performed review procedures.

By performing the aforementioned procedures for group entities, combined with additional procedures at the group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

OUR KEY AUDIT MATTERS

Key audit matters are matters that, in our professional judgment, were of the most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters do not constitute a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR AUDIT APPROACH
VALUATION OF PROPERTY, NOTE 13 Property of Vastned Retail N.V. amounts to 99% of the consolidated balance sheet total as per 31 December 2016. Property is valued at fair value as per 31 December 2016, in accordance with the Vastned Retail N.V. valuation policy that the value of all significant objects is determined by external appraisers every six months. Parameters, assumptions and estimates by management are used in determining fair value of property. Because the valuation is informed to a great extent by estimates, valuation of property is a significant risk in our audit.	In our audit we have tested the operational effectiveness of internal control relating to the valuation of property, including internal assessment of reports from external appraisers. In addition we have assessed the competence and independence of external appraisers and determined the integrity of source data as used in calculating the valuation. We have employed our real estate valuation specialists in the review and testing of models, assumptions and parameters as used in the valuation. We agree with the assumptions used by management. In our audit we have specifically considered significant valuation results, the fair value of property as determined by external appraisers and management opinion on these valuations. We also refer to the disclosures as included in the financial statements, note 13.
RECOGNITION OF SALE AND ACQUISITION OF PROPERTY, NOTE 13. In 2016 Vastned Retail N.V. acquired and sold multiple properties. Accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks in acquiring and selling properties, such as ABC transactions and kickback fees. In addition, complex accounting recognition considerations can be applicable (reviewing proper classification as business combination under IFRS 3 or asset acquisition under IAS 40), which could impact the recognition in the financial statements.	In our audit we have tested the operational effectiveness of internal control relating to sales and acquisitions of property investments, including proper authorization of transactions and background checks of buyers and sellers. We have audited a sample of the acquisition and sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation and determined accurate and complete recognition of transaction result in the fiscal year. In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation value as determined by the external appraiser. If applicable we have assessed reasonableness of considerations paid to intermediaries.
FINANCIAL REPORTING FRAUD We acknowledge the risk that financial information is intentionally misrepresented or that required disclosures are not or not completely included in the financial statements, which causes users of the financial statements to be misled. This can originate from a desire to present stable and results as predicted or the desired development in (in)direct result.	We have audited the recognition of direct and indirect result and performed targeted checks on management remuneration and manual journal entries. We have performed these procedures using data analytics such as analyzing correlation between different data streams. In our audit we have emphasized accounts which are subject to estimation and determined completeness and information usefulness of disclosures in the financial statements.
FINANCING AND BANK COVENANTS, NOTE 23 Considering the importance and relative size of external financing at Vastned Retail N.V., compliance with bank covenants is considered an area of emphasis in our audit.	We have taken cognizance of the internal control relating to the monitoring of bank covenants. We have audited calculations of bank covenants as prepared by Vastned Retail N.V. and reconciled these with relevant financing conditions. We have determined that Vastned Retail N.V. is compliant with required bank covenants as per 31 December 2016.

RISK	OUR AUDIT APPROACH
COMPLIANCE WITH FISCAL LAWS AND REGULATIONS, NOTE 9 The Vastned Retail group consist of multiple entities qualifying as fiscal investment entity (Netherlands, France and Belgium). The applicable tax rate for a fiscal investment entity is 0% of the taxable amount. In the Netherlands, France and Belgium Vastned Retail N.V. utilizes the fiscal and legal facilities for investment entities, causing the tax rate to be 0%. Compliance with conditions for application of the tax regime for investment entities is an area of emphasis in our audit.	We have reviewed and approved the internal assessment regarding compliance with key conditions of the fiscal regime for investment entities as prepared by the fiscal specialist of Vastned Retail N.V. We have used our fiscal specialists in the performance of this review in the Netherlands, Belgium and France.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information including:

- the management board's report;
- the report of the supervisory board;
- EPRA performance measures and EPRA sustainability performance measures;
- direct and indirect result;
- about Vastned, key figures 2016, shareholder information, remuneration report, property portfolio, list of abbreviations and definitions, general information;
- other information pursuant to Part 9 of Book II of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains all the information required by Part 9 of Book II of the Dutch Civil Code.

We have read the other information and we have considered whether the other information contains material misstatements, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise. By performing these procedures, we have complied with the requirements of Part 9 of Book II of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is narrower than the scope of the procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book II of the Dutch Civil Code and other information pursuant to Part 9 of Book II of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We have been engaged by the supervisory board as auditor of Vastned Retail N.V. starting from the audit for the year 2016 and have operated as statutory auditor since that date.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book II of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements so that they are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management intends to liquidate the company or cease operations, or has no realistic alternative to act otherwise. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence to inform our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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 in response 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 the risk of one resulting from error, as fraud may involve collusion, forgery, intentional omissions in recording transactions, 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 within the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- deciding on the appropriateness of management's use of the going concern basis of accounting, and deciding on the basis of the audit evidence obtained whether events or conditions exist 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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- evaluating whether the financial statements represent the underlying transactions and events in the manner of a faithful representation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive factors were the size and/or the risk profile of the group entities or operations. On this basis, we have selected group entities for which an audit or review of the complete range of financial information or specific entries had to be executed.

We communicate with the supervisory board on matters including the planned scope and timing of the audit and significant audit findings, among which any significant findings in internal control 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 with them on all relationships and other matters that may reasonably be thought to influence and, where applicable, safeguard our independence.

From our communication with the supervisory board we determine those matters that are of the 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 of the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 14 February 2017

Ernst & Young Accountants LLP

W.H. Kerst RA

10

2016 REMUNERATION REPORT

2016 REMUNERATION REPORT

This 2016 remuneration report has three parts. The first part outlines the remuneration policy as approved by the Annual General Meeting of 25 April 2015. The second part contains information on the remuneration granted to the members of the Executive Board in 2016. The third part contains information on the remuneration granted to the members of the Supervisory Board in 2016.

1 EXECUTIVE BOARD REMUNERATION POLICY

This remuneration policy for the Executive Board of Vastned was adopted by the Annual General Meeting of shareholders on 25 April 2015. The policy took effect on 1 January 2015 and is based on the following principles:

- Preparation of a clear and transparent remuneration policy that complies with the most recent (also international) corporate governance insights. Vastned has the ambition also in this respect to compete with the European 'best in class' companies.
- Bringing the remuneration policy in line with Vastned's strategy aimed at obtaining more predictable and stable results.
- Further strengthening of the relationship between the Executive Board's performance and its remuneration.
- Bringing the interests of the members of the Executive Board in line with those of the shareholders by further encouraging long-term shareholding.
- Being able to attract, motivate and retain Executive Board members of the highest quality.

For the determination of the total remuneration, an labour market reference group has been defined that matches Vastned's present strategic focus, complexity and ambition. This group of companies comprises the following fourteen European listed property companies (the 'Labour Market Reference Group'):

- ANF Immobilier SA
- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialys SA
- NSI NV
- Shaftesbury PLC
- Sponda Oyj
- Wereldhave NV

The total remuneration for the Executive Board in 2014 was compared to this Labour Market Reference Group. As a double test of reasonableness, the findings of this comparison were also compared with all the companies in the AMX index and with a group of fourteen Dutch companies of similar complexity and size. The determination of the total remuneration of the Executive Board also takes account of its impact on the remuneration ratios within the company.

Based on this comparison and the double reasonableness test, the remuneration levels were adjusted with effect as of 2015. The basic salary was set around the median of the Labour Market Reference Group and the total remuneration around the 25 percentile point, since Vastned positions itself within this percentile in terms of size. At year-end 2017, the present total remuneration will be evaluated in using the same methodology.

ELEMENTS OF TOTAL REMUNERATION

The Executive Board's total remuneration comprises the following five elements:

1. fixed remuneration
2. short-term variable remuneration
3. long-term variable remuneration
4. pension
5. other remuneration components

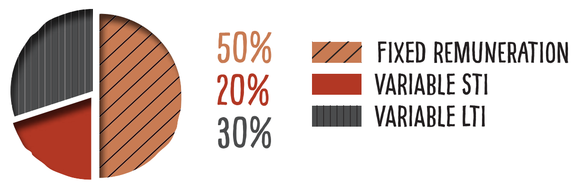
Fixed remuneration

The fixed remuneration for the Executive Board is tested annually against the previously mentioned Employment Market Peer Group, and is set in principle for twelve months. The fixed remuneration includes 8% holiday pay and is paid monthly in cash. The fixed remuneration is pensionable up to € 100,000; any variable remuneration is not.

Variable remuneration

The total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration will be comprised of 40% short-term variable remuneration and 60% long-term variable remuneration.

Performance-related part of the total remuneration



Short-term variable remuneration

Every financial year, members of the Executive Board are eligible for a short-term variable remuneration (Short-Term Incentive or 'STI'). The STI ranges from 0% to a maximum of 40% of the fixed remuneration.

Vastned's strategy has a clear focus on more predictable and stable results. In support of this strategy, the STI comprises four challenging targets, each of which is weighted 25%. Three of these are financial and objectively measurable, and one contains a qualitative criterion. The three financial STI targets have a 'threshold', an 'at target' and a 'maximum' award. The qualitative STI target is determined individually for each member of the Executive Board, and its achievement is evaluated by the Supervisory Board.

The STI targets are set annually in advance by the Supervisory Board based on the operational and strategic ambitions of the company as laid down in the business plan. In view of their market sensitivity, Vastned does not disclose the STI targets in advance. After the conclusion of the relevant financial year, an explanation is given in the remuneration report of the STI targets set and of the degree to which they have been achieved.

The STI is paid in cash after the Annual General Meeting has adopted the financial statements for the related financial year. Members of the Executive Board may use their short-term incentive to purchase Vastned shares until and to the extent that their value does not meet the share ownership guidelines.

Long-term variable remuneration

Every year, members of the Executive Board are eligible for a long-term variable remuneration (Long-Term Incentive or 'LTI'). The LTI varies from 0% up to a maximum of 60% of the fixed remuneration, and in each case covers a three-year period. The LTI scheme has the following three elements:

1. A Relative Total Shareholder Return ('RTSR') test (50%)
2. An Absolute Total Shareholder Return ('ATSR') test (30%)
3. A Business Health Test (20%)

The long-term variable remuneration aims to further align the interests of the members of the Executive Board with shareholders' interests. The Executive Board is obliged based on a procedure adopted by Vastned to use their cash incentive payment under the LTI scheme to purchase Vastned shares, until the share ownership guidelines are complied with.

Relative Total Shareholder Return test

The RTSR test sets 50% of the total LTI remuneration. The RTSR is measured by calculating the total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years. The calculation is based on the average share price three months preceding the performance period and three months at the end of the performance period. This total shareholder return is then compared to a peer group of direct competitors. The ranking on total shareholder return within this peer group determines a possible granting of the RTSR-based LTI.

The peer group for the RTSR test is largely similar to the Labour Market Reference Group, and consists of the following thirteen companies, whereby Vastned has set itself the goal to compete with the 'best in class' companies in its sector:

- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialys SA
- Shaftesbury PLC
- Unibail-Rodamco SE
- Vastned Retail NV
- Wereldhave NV

The Supervisory Board has, in the event of developments within this reference group, powers to adjust this group to keep it relevant within the framework of this remuneration policy.

RTSR award
The 50% LTI based on the RTSR test is awarded based on Vastned's ranking in the peer group in terms of the share's total shareholder return after each three-year period, using the following scale:

Ranking	RTSR award
1	100%
2	86%
3	72%
4	58%
5	44%
6	30%
7-13	0%

The realisation of this LTI performance target will be validated by an external party and audited by the external auditor.

Absolute Total Shareholder Return test
The ATSR test sets 30% of the total LTI remuneration. The ATSR is measured by calculating the total shareholder return of the Vastned share over a period of three financial years.

Realisation ATSR
The 30% LTI remuneration based on the ATSR test is determined based on a range whereby at an ATSR of below 45% over the three-year period no ATSR-based LTI is awarded. An ATSR of 60% over this period results in an 'at target' realisation of the ATSR test and a realisation of 75% ATSR results in a full LTI award. The ATSR awarded between the threshold and the maximum is determined on a pro rata basis. The realisation of this ATSR test target will be validated by an external party and audited by the external auditor.

Business Health Test
The Business Health Test determines 20% of the total LTI award. The intention of this test is to promote that short-term incentives do not get the upper hand in the determination of the policy and that the Executive Board keeps sight of the long-term strategy at all times. For this reason, this test initially measures the impact of the annual STI targets over a three-year period. But it also takes account of other, non-financial performance indicators. These may include strategic leadership, the 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility. After the conclusion of the relevant financial year, the realisation of the Business Health Test will be described in the corresponding remuneration report.

SHARE OWNERSHIP GUIDELINES

One of the objectives of the remuneration policy is to align long-term shareholder interests with those of the Executive Board by promoting shareholding. Accordingly, the Executive Board must build up a position in Vastned shares that is equal in value to 300% of the most recently defined fixed remuneration in the case of the CEO and 150% in the case of the CFO. The minimum shareholding must in principle be built up over a maximum term of five calendar years. The Supervisory Board regularly checks whether this build-up period is reasonable and fair.

Members of the Executive Board may use the short-term incentive awarded to them to purchase Vastned shares until and to the extent that they do not meet the share ownership guidelines within the term of five calendar years.

The long-term variable remuneration must be used to purchase Vastned shares based on a procedure defined by Vastned until the share ownership guidelines are complied with. This procedure can be inspected on Vastned's website. When the minimum shareholding is reached, it must be maintained for the duration of the member's employment with Vastned.

Position at year-end 2016
As at year-end 2016, at a closing price of € 36.86, Mr Taco T.J.de Groot, CEO, with 54,051 shares purchased from his own means, or 453%, met the minimum Vastned shareholding requirement of at least 300% of the CEO's fixed remuneration.

Mr Reinier Walta, CFO, joined Vastned at the end of 2014, and must build up a position in Vastned shares from his LTI of at least 150% of his fixed remuneration within five years. At year-end 2016, Mr Walta had built up a Vastned shareholding of 1,000 shares from his own means at an accelerated rate. At a closing price of € 36.86, this is 14% of his fixed remuneration.

POLICY IN CASE OF TAKEOVER

In the event of a takeover of Vastned, the settlement of the variable remuneration will be determined by the Supervisory Board in compliance with relevant laws and regulations, including legislation on takeover bonuses, on the recommendation of the remuneration committee. In such a case, the normalised share price will be used in the determination of the share price-linked LTI. This means that when due to a takeover the price of a Vastned share rises for example from fifth to first place in the ranking, the Supervisory Board will use the normalised share price before the takeover offer, not the top ranking. In case of a takeover, the LTI will also be settled pro rata, unless this should yield unfair results for the Company or the Executive Board.

At the time of publication of this remuneration report, CEO Taco de Groot already held 54,051 Vastned shares. These shares are not subject to the 'takeover bonus legislation' in Article 2:135(7) of the Dutch Civil Code. For the coming years, Vastned will explicitly disclose in its reporting the difference between Mr De Groot's shareholding acquired from his own means and his shareholding acquired from means received under the remuneration policy.

POLICY FOR EARLY TERMINATION OF AN EMPLOYMENT AGREEMENT

In the event of early termination of the employment agreement with a member of the Executive Board, the Supervisory Board will resolve, taking account of the manner and the circumstances in which the termination occurred, whether, and if so to what extent, the LTI granted conditionally to the board member in question will be awarded.

MALUS AND CLAW-BACK

There may be special circumstances that prevent awarding of both the short-term and long-term variable remuneration ('malus'). In such cases, the Supervisory Board may use its power to withhold the variable remuneration. Next to circumstances specific to Vastned, external factors such as new laws and regulations or social developments may provide grounds for such a decision. Finally, the law states that if an LTI is awarded wrongly when it later appears the award was based on incorrect information, it can be claimed back ('claw-back').

PENSION

The members of the Executive Board may choose to participate in Vastned's pension plan, or receive a pension compensation in cash. The pension compensation in cash and pension contributions in the context of a pension plan do not count towards the level of the short-term or long-term variable remuneration. The main elements of Vastned's pension plan since 1 January 2015 are:

- the pension plan is a career average scheme, in which the annual pensionable salary is limited by law to € 100,000 as of 1 January 2015;
- the accrual rate is 1.875% per service year;
- the survivors' pension is based on 70% of the lifelong old-age pension; and
- the annual pension contributions up to € 100,000 as well as the pension contributions in cash are at Vastned's expense.

The remuneration and nomination committee will annually evaluate whether the pension plan for the Executive Board is in line with the total employment benefits package.

OTHER REMUNERATION COMPONENTS

Company car
A company car including fuel costs, insurance, road tax etc. is provided as part of the benefits package of the members of the Executive Board.

Other reimbursements
Members of the Executive Board are eligible for customary payments and allowances such as additional health insurance, mobile phone, tablet, compensation for internet costs, sick leave, paid leave, etcetera. Travel and accommodation expenses incurred in the performance of the employment contract are reimbursed. Reimbursement of legal costs is subject to prior approval from the Supervisory Board. The expenses of the Executive Board are evaluated and approved quarterly by the remuneration and nomination committee.

EMPLOYMENT AGREEMENTS OF THE EXECUTIVE BOARD

Duration of the agreement
The Annual General Meeting of 25 April 2015 appointed Mr De Groot for a four-year term, taking effect on 25 November 2011. The Extraordinary General Meeting of 28 November 2014 appointed Mr Walta for a four-year term, taking effect on 1 November 2014. Concerning members of the Executive Board, the Company must observe a notice period of six months, the members themselves three months.

Concurrentiebeding en relatiebeding
The employment agreement or agreement for services contains a non-competition/confidentiality clause, a non-solicitation clause and a clause prohibiting taking over Vastned employees, with a duration sufficient to protect Vastned's interests.

Dismissal payments
Dismissal payments are limited to twelve months of the fixed remuneration. Mr De Groot's and Mr Walta's employment agreements comply with the Dutch Corporate Governance Code.

Loans, guarantees and similar
Vastned does not provide loans or guarantees to members of the Executive Board.

Scenario analysis
The Code requires that the Supervisory Board analyses the possible outcomes of the variable remuneration components and their impact on the Executive Board's total remuneration. This analysis is conducted at least once every three years. In cases not covered by the remuneration policy, the Supervisory Board decides. Any decision must match the principles and intent of the remuneration policy as closely as possible. Where necessary, the Supervisory Board will inform the Annual General Meeting.

Cases not covered by the remuneration policy
In cases not covered by the remuneration policy, the Supervisory Board decides. Any decision must match the principles and intent of the remuneration policy as closely as possible. Where necessary, the Supervisory Board will inform the Annual General Meeting.

2 REMUNERATION OF THE EXECUTIVE BOARD IN 2016

VOTING RESULTS EXECUTIVE BOARD REMUNERATION POLICY

On 25 April 2015, the Annual General Meeting adopted the remuneration policy for the Executive Board, with the following votes:

VOTES

	Number	Percentage
in favour	10,040,363	98.8%
against	125,119	1.2%
total votes	10,165,482 1)	100%
abstentions Onthoudingen	31,223	

1) This is the total number of votes in favour and against; abstentions are not included

FIXED REMUNERATION 2016

Based on the remuneration policy set out above, the fixed remuneration of the members of the Executive Board (including employer's social security contributions) for 2016 has been determined as follows:

FIXED REMUNERATION

	2016	2015	Change
Taco de Groot	450,000	449,000	0.2%
Reinier Walta	276,000	254,000	8.5%
Total	726,000	703,000	3.2%

It has been agreed with Mr Walta that he will be able based on clear targets to rise to a fixed remuneration of € 308,000 (excluding employer's social security contributions) over a period of three calendar years starting on 1 January 2015. This fixed remuneration is 70% of the CEO's fixed remuneration. At the start of 2016, one third of this agreed salary growth had been awarded.

VARIABLE REMUNERATION IN 2016

Short-Term Incentives for 2016
Both members of the Executive Board have been set the same three quantitative targets, as well as an individual qualitative target. The three common quantitative STI-targets are outlined below, including their realisation:

STI TARGETS 2016 AND REALISATION

	Threshold	At target	Maximum	Realisation
At year-end 2016, 75% premium city high street shops in the entire portfolio	73%, 15% rewarded	75%, 20% rewarded	77%, 25% rewarded	18.25%
At year-end 2016, 2% like-for-like gross rental growth of premium city high street shops	1%, 15% rewarded	2%, 20% rewarded	3%, 25% rewarded	0%
At year-end 2016, at least € 65 million in acquisitions of new premium city high street shops	€ 52 million, 15% rewarded	€ 65 million, 20% rewarded	€ 78 million, 25% rewarded	24.19%

The fourth, qualitative STI target for the CEO and CFO is realised for the maximum 25%.

Long-term Incentives for 2015
The maximum LTI Mr De Groot and Mr Walta could achieve for 2015 were € 440,000 and € 245,000 respectively. 2016 is the second year of the three-year period over which the LTI for 2015 is determined. Based on the position at year-end 2016, no RTSR-linked LTI is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2016, no ATSR is payable, and the level of realisation of the Business Health Test cannot yet be determined. In view of the above, no LTI for 2016 has been recognised in the 2015 financial statements. Determination of the realisation will take place after 2017.

Long-Term Incentives for 2016
The maximum LTI Mr De Groot and Mr Walta could achieve for 2016 were € 440,000 and € 266,000 respectively. 2016 is the first year of the three-year period over which the LTI for 2016 is determined. Based on the position at year-end 2016, no RTSR-linked LTI is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2016, no ATSR is payable, and the level of realisation of the Business Health Test cannot yet be determined. In view of the above, no LTI for 2016 has been recognised in the 2016 financial statements. Determination of the realisation will take place after 2018.

PENSION 2016

The members of the Executive Board do not pay own contributions to their pension schemes; these contributions are paid by the company. Mr Walta's pension is based on a career average scheme and Mr De Groot's is a defined-contribution scheme. Mr Walta's and Mr De Groot's expected retirement age is 67 years. The schemes include a partner's pension and an invalidity pension.

Pension compensation Mr Reinier Walta (CFO)
As of 1 January 2015, the tax relief on pension accrual has been restricted by new legislation, and is now accrued only on the fixed salary with a maximum of € 100,000, while in the past it was unlimited. Mr Walta participates in Vastned's pension scheme. The company has agreed with him that he will receive a compensation for this adjustment up to the level of the pension contribution which Vastned no longer has to withhold. The same scheme has been agreed with other Vastned employees. This pension compensation does not qualify as part of the fixed remuneration.

LOANS 2016

Vastned did not provide any loans or guarantees to members of the Executive Board in 2016.

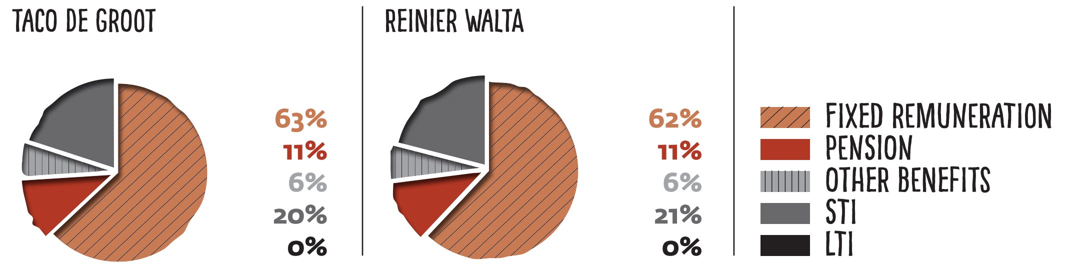
OVERVIEW OF THE REMUNERATION OF THE EXECUTIVE BOARD

The table below presents the remuneration awarded to the Executive Board in 2016:

Name	Fixed remuneration 1)	Pension	Other reimbursements 2)	STI	LTI	Total
Taco de Groot (CEO)	450,000	81,000	44,069	119,000	-	694,069
Reinier Walta (CFO)	276,000	49,000	24,137	72,000	-	421,137
Total 2016	726,000	130,000	68,206	191,000	-	1,115,206

1) including employer's social security contributions
2) Concerns expenses for company car, telephone, Internet costs and healthcare insurance contributions.

The table below presents the remuneration awarded to the Executive Board in 2016:



The Supervisory Board has not availed itself of the right to adjust or reclaim the bonuses awarded to the Executive Board for the 2016 reporting year.

3 REMUNERATION OF THE SUPERVISORY BOARD

VOTING RESULT ON THE REMUNERATION OF THE SUPERVISORY BOARD

On 25 April 2015, the Annual General Meeting adopted the new remuneration policy for the Supervisory Board, with the following votes:

Votes	Number	Percentage
in favour	10,194,516	100.0%
against	163	0%
total votes	10,194,679 1)	100%
abstentions	2,026	

1) This is the total number of votes in favour and against; abstentions are not included

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board benchmarked the remuneration of its members against those of peer companies at the end of 2015. In order to bring the remuneration more in line with the market, the Annual General Meeting of 25 April 2015 adopted the following amounts:

Chairman	€ 42,000
Vice-chairman	€ 30,000
Member	€ 30,000

- Supplementary fee for membership of combined nomination and remuneration committee € 4,000
- Supplementary fee for membership of audit and compliance committee € 4,000
- All members also receive a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding tax.

OVERVIEW OF THE REMUNERATION GRANTED TO THE SUPERVISORY BOARD IN 2016

The table below presents the remuneration awarded to the Supervisory Board in 2016 (fee € 1):

Name	Supervisory Board	A&C committee	R&N committee	Expense allowance	Total
Marc C. van Gelder c)	38,416	-	4,000	1,250	43,666
Wouter J. Kolff 1)	12,542	-	-	373	12,916
Jeroen B.J.M. Hunfeld	30,000	4,000	-	1,250	35,250
Charlotte M. Insinger	30,000	4,000	-	1,250	35,250
Marieke Bax	30,000	-	4,000	1,250	35,250
Total 2016	140,959	8,000	8,000	5,373	162,332

c) Chairman
1) Retired as chairman as per 20 April 2016

11

PROPERTY PORTFOLIO

PROPERTY IN OPERATION

THE NETHERLANDS

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
ALMELO						
Grotestraat 32 / Hof van Gülick 10	High street shop	1993	1920	210	1	1
Grotestraat 36	High street shop	1996	1920	430	-	-
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	-
AMERSFOORT						
Langestraat 8	High street shop	1990	1900	409	2	1
Utrechtsestraat 13 / Hellestraat 3	High street shop	2008	1900	97	1	1
AMSTERDAM						
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	-	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	-
Kalverstraat 11-17 / Rokin 12-16	Premium city high street shop	2015	2014	6,000	3	-
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	-	-
Keizersgracht 504	Premium city high street shop	2012	1686	200	1	1
Leidsestraat 2 / Herengracht 424	Premium city high street shop	2016	1920	431	3	-
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	1	2
Leidsestraat 64-66 / Kerkstraat 44	Premium city high street shop	1986	1912	790	3	-
P.C. Hooftstraat 35	Premium city high street shop	2015	1904	225	1	-
P.C. Hooftstraat 37	Premium city high street shop	2015	1897	112	1	-
P.C. Hooftstraat 46-50	Premium city high street shop	2014	1885	684	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

1) Land on long lease

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
APELDOORN						
Deventerstraat 5	High street shop	1990	1900	363	1	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	94/14	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	-
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
BRUNSSUM						
Kerkstraat 45 / Schiffelerstraat 1	High street shop	1997	1970	620	2	-
COEVORDEN						
Friesestraat 14 / Weeshuisstraat 9	High street shop	1997	1950	203	1	3
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

THE NETHERLANDS CONT.

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
DOETINCHEM						
Dr. Huber Noodstraat 2	High street shop	1997	1968	1,840	3	-
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	12	-
DORDRECHT						
Voorstraat 262	High street shop	1996	1800	175	1	4
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	-
Raadhuisstraat 9	High street shop	1990	1954	289	1	-
GOES						
Lange Kerkstraat 9	High street shop	1994	1920	65	-	-
GOOR						
Grotestraat 57-59 and 63	High street shop	1994	1910	859	2	1
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	391	-	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	-

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
'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	1
HOORN						
Grote Noord 114	High street shop	1996	1912	85	-	-
Grote Noord 118	High street shop	1994	1900	80	1	1
Nieuwsteeg 24	High street shop	1994	1920	134	1	1
HOUTEN						
Onderdoor 4, 4a	Remaining	2010	2010	2,105	2	-
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
LEEUWARDEN						
Ruiterskwartier 127	High street shop	1995	1929	291	1	-
Ruiterskwartier 135	High street shop	1995	1930	70	1	-
Wirdumerdijk 7 / Weaze 16	High street shop	1994	1920	520	2	1
LELYSTAD						
De Promesse 113, 115, 121, 123, 129						
and 135 / Stationsweg 22 and 23	High street shop	09/12	2009	7,335	8	-
Stadhuisstraat 2 1)	High street shop	1995	1975	470	-	-
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	311	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
MIDDELBURG						
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	-	-
Arendstraat 13	High street shop	1994	1989	440	2	1

1) Land on long lease

THE NETHERLANDS CONT.

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
OSS						
Heschepad 49-51 / Molenstraat 21-25	High street shop	1986	1983	2,803	4	-
RENKUM						
Dorpsstraat 21-23	High street shop	1997	1907	520	1	-
RIDDERKERK						
St. Jorisplein 30	High street shop	1994	1970	478	3	-
ROERMOND						
Schoenmakersstraat 2	High street shop	1994	1900	140	-	-
Steenweg 1 / Schoenmakersstraat 6-18	High street shop	1986	1980	2,283	4	-
ROOSENDAAL						
Nieuwe Markt 51	High street shop	1994	1960	200	1	-
ROTTERDAM						
Keizerswaard 73	Shopping centre	1996	1992	280	1	-
Shopping centre Zuidplein Hoog 3)	Shopping centre	94/95/10	1972	1,315	7	-
SCHIEDAM						
Shopping centre Hof van Spaland 1) 3)	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	15	-
STADSKANAAL						
Navolaan 9, 10 , 11, 12	Retail warehouse	1993	1968	2,080	9	-
THE HAGUE						
Gravenstraat 1	Premium city high street shop	1993	1916	374	2	-
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
Plaats 17 and 21	Premium city high street shop	1990	1916	415	2	-
Plaats 25	Premium city high street shop	1987	1920	517	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	-
TILBURG						
Shopping centre Westermarkt 3)	Shopping centre	93/94/98	61/62/63	7,614	12	-
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

1) Land on long lease 3) Concerns partial ownership

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
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	3	-
Steenweg 9 / Choorstraat 9-9 bis	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
Vredenburg 9, 9a, 9b	Premium city high street shop	2016	1900	1,308	2	4
VEENENDAAL						
Hoofdstraat 25	High street shop	1990	1930	260	-	1
VEGHEL						
Kalverstraat 8-16	High street shop	1993	1988	446	1	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	-
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 3)	Shopping centre	2011	1975	14,174	26	-
ZWOLLE						
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				**157,415**	**395**	**173**

1) Land on long lease / 3) Concerns partial ownership

FRANCE

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
BORDEAUX						
Cours de l'Intendance 12	Premium city high street shop	2011	1900	299	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 73	Premium city high street shop	2012	1950	138	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	133	1	-
Rue Sainte Catherine 131	Premium city high street shop	2012	1900	346	1	-
CANNES						
Rue d'Antibes 40	Premium city high street shop	2000	1950	802	1	-
LILLE						
Place de la Gare 8	Premium city high street shop	2007	1945	201	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	152	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	321	1	-
Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	Premium city high street shop	2007	1870	729	1	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	-
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	369	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	254	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	517	1	-
Rue Faidherbe 38-44	Premium city high street shop	2007	1945	173	1	-
Rue Faidherbe 48	Premium city high street shop	2007	1945	135	1	-
Rue Faidherbe 50	Premium city high street shop	2007	2015	235	1	-
Rue Faidherbe 54	Premium city high street shop	2007	2015	139	1	-
LIMOGES						
Centre Commercial Beaubreuil [3)]	Shopping centre	2001	1980	4,490	9	-
Centre Commercial Limoges Corgnac [3)]	Shopping centre	2007	2006	5,277	10	-

3) Concerns partial ownership

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
LYON						
Rue Édouard Herriot 70	Premium city high street shop	2014	1900	389	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	4,821	6	-
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 Rennes146	Premium city high street shop	2016	1900	195	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	3,831	6	9
Rue des Archives 21	Premium city high street shop	2016	1900	163	1	-
Rue des Rosiers 3ter	Premium city high street shop	2015	1900	383	1	-
Rue du Vieille du Temple 26	Premium city high street shop	2016	1900	213	1	-
Rue Montmartre 17	Premium city high street shop	2006	2003	249	1	-
SAINT-ÉTIENNE						
Rue Saint-Jean 27	High street shop	2001	1950	60	1	-
TOTAL PROPERTY IN OPERATION FRANCE				**35,435**	**95**	**34**

BELGIUM 2)

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
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						
Armeduivelstraat 6	Premium city high street shop	2015	< 1950	198	1	-
De Keyserlei 47	Premium city high street shop	2000	< 1950	62	1	-
De Keyserlei 49	Premium city high street shop	2000	< 1950	102	1	-
Graanmarkt 13	Premium city high street shop	2015	< 1950	886	2	-
Groendalstraat 11	Premium city high street shop	2000	< 1950	48	1	-
Huidevettersstraat 12	Premium city high street shop	1994	< 1950	684	1	-
Korte Gasthuisstraat 17	Premium city high street shop	2015	< 1950	1,534	1	-
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	1,646	2	5
Meir 99	Premium city high street shop	1996	< 1950	583	1	-
Schuttershofstraat 22	Premium city high street shop	2015	< 1950	342	1	-
Schuttershofstraat 24	Premium city high street shop	2000	< 1950	180	1	-
Schuttershofstraat 30	Premium city high street shop	2000	< 1950	66	1	-
Schuttershofstraat 32 / Armeduivelstraat 2	Premium city high street shop	2000	< 1950	54	1	-
Schuttershofstraat 55	Premium city high street shop	2015	< 1950	139	1	-
BALEN						
Molsesteenweg 56	Retail warehouse	1999	> 1980	1,871	1	-
BERGEN						
Grand Rue 19	High street shop	2000	< 1950	185	1	-
BOECHOUT						
Hovesesteenweg 123-127	Retail warehouse	2002	> 1980	1,230	1	-
BRUGGE						
Steenstraat 38	Premium city high street shop	2013	< 1950	941	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	6,604	6	-
Louizalaan 7	Premium city high street shop	2000	< 1950	370	1	-
Nieuwstraat 98	Premium city high street shop	2001	< 1950	150	1	-
DROGENBOS						
Nieuwe Stallestraat 217	Retail warehouse	2007	> 1980	530	1	-
GENK						
Hasseltweg 74	Retail warehouse	2002	> 1980	2,331	3	-
GENT						
Veldstraat 23-27	Premium city high street shop	2014	< 1950	2,690	1	-
Veldstraat 81	Premium city high street shop	1998	< 1950	265	1	-
Volderstraat 15	Premium city high street shop	1993	< 1950	279	1	-
Zonnestraat 6-8	Premium city high street shop	1998	> 1950	3,484	1	-
Zonnestraat 10	Premium city high street shop	1998	< 1950	702	-	-

1) Land on long lease
2) All Belgian properties (excluding Korte Gasthuisstraat 17 in Antwerp) are held directly by Vastned Retail Belgium, in which Vastned has a 65.5% interest at year-end 2016

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
GRIVEGNÉE						
Rue Servais Malaise	Retail warehouse	2002	> 1980	2,000	1	-
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	736	-	-
LEOPOLDSBURG						
Lidostraat 7	Retail warehouse	1999	> 1980	1,850	1	-
LEUVEN						
Bondgenotenlaan 69-73	High street shop	2001	< 1950	1,495	2	-
LUIK						
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	-
MONTIGNIES-SUR-SAMBRE						
Rue de la Persévérance 14	Retail warehouse	2007	> 1980	750	1	-
NAMEN						
Place de l'Ange 42	High street shop	2011	1950 <>1980	2,270	14	-
PHILIPPEVILLE						
Rue de France	Retail warehouse	1999	> 1980	3,689	6	-
SCHAARBEEK						
Leuvensesteenweg 610-640	Retail warehouse	1999	> 1980	2,964	4	-
TIELT-WINGE						
Retailpark 't Gouden Kruispunt	Retail warehouse	99/02	> 1980	19,096	22	-
TURNHOUT						
Gasthuisstraat 32	High street shop	1996	< 1950	1,523	1	-
WAVER						
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				**92,085**	**128**	**7**

1) Land on long lease

SPAIN

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
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 de Fuencarral 37	Premium city high street shop	2016	< 1950	611	1	-
Calle José Ortega y Gasset 15	Premium city high street shop	2016	< 1950	396	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	-
MÁLAGA						
Plaza de la Constitución 9	Premium city high street shop	2010	< 1950	273	1	-
TOTAL PROPERTY IN OPERATION SPAIN				**3,291**	**8**	**-**

TURKEY

City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of appartements
ISTANBUL						
Abdi Ipekçi Caddesi 41	Premium city high street shop	2011	2015	2,000	1	-
Bahariye Caddesi 58	Premium city high street shop	2009	1985	400	1	-
Bahariye Caddesi 66/B	Premium city high street shop	2009	2003	130	1	-
Istasyon Caddesi 27	Premium city high street shop	2012	1983	2,000	1	-
Istiklal Caddesi 18	Premium city high street shop	2007	1987	1,170	1	-
Istiklal Caddesi 85	Premium city high street shop	2010	2014	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	570	1	-
Istiklal Caddesi 161/B	Premium city high street shop	2010	2015	3,000	1	-
TOTAL PROPERTY IN OPERATION TURKEY				**13,100**	**9**	**-**

TOTAL PROPERTY IN OPERATION				**301,326**	**635**	**214**

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.

- 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, Madrid and Paris
- Crédit Foncier in Paris (residential property)
- Pamir & Soyuer in Istanbul

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LIST OF ABBREVIATIONS & DEFINITIONS

ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
CEO	Chief Executive Officer
CFO	Chief Financial 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.

Cert-Tot *(Type and number of sustainably certified assets)*
Cert-Tot refers to the total number of assets within a portfolio that have formally obtained sustainability certification, rating or labelling at the end of a reporting year.

DH&C-Abs *(Total district heating & cooling consumption)*
DH&C-Abs refers to the total amount of indirect energy consumed from district heating or cooling systems over a full reporting year. In this instance 'indirect' means energy generated off site and typically bought from an external energy supplier.

DH&C-LfL *(Like-for-like total district heating & cooling consumption)*
DH&C-LfL refers to the district heating & cooling consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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

Elec-Abs *(Total electricity consumption)*
Elec-Abs refers to the total amount of electricity consumed. It includes electricity from renewable and non-renewable sources, whether imported and generated onsite.

Elec-LfL *(Like-for-like total electricity consumption)*
Elec-LfL refers to the electricity consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Embedded energy
Embedded energy is the sum of all the energy required to produce any goods or services, considered as if that energy was incorporated or 'embodied' in the product itself.

Energy-Int *(Building energy intensity)*
Energy-Int refers to the total amount of direct and indirect energy used by renewable and non-renewable sources in a building over a full reporting year, normalised by an appropriate denominator.

EPRA Earnings
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.

FSC-certified timber
FSC-certified timber is harvested from forests that are responsibly managed. Responsibly means that ecological, economic and social issues of the present and the future are taken into account. FSC stands for Forest Steward Ship Council.

Fuels-Abs *(Total fuel consumption)*
Fuels-Abs refers to the total amount of fuel used from direct (renewable and non-renewable) sources ('direct' meaning that the fuel is combusted onsite) over a full reporting year.

Fuels-LfL *(Like-for-like total fuel consumption)*
Fuels-LfL refers to the fuel consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Dir-Abs *(Total direct greenhouse gas (GHG) emissions)*
GHG-Dir-Abs refers to the total amount of direct greenhouse gas emissions ('direct' meaning that GHG emissions are generated onsite through combustion of the energy source / fuel) over a full reporting year

GHG-Indir-Abs *(Total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-Abs refers to the total amount of indirect greenhouse gas emissions ('indirect' meaning that GHG emissions are generated offsite during combustion of the energy source) over a full reporting year.

GHG-Dir-LfL *(Like-for-like total direct greenhouse gas (GHG) emissions)*
GHG-Dir-LfL refers to the direct emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years, this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting.

GHG-Indir-LfL *(Like-for-like total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-LfL refers to the indirect emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Int *(Greenhouse gas (GHG) intensity from building energy consumption)*
GHG-Int refers to the total amount of direct and indirect GHG emissions generated from energy consumption in a building over a full reporting year, normalised by an appropriate denominator.

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.

OECD guidelines
The OECD Guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries (the 34 OECD countries plus 8 non-OECD countries: Argentina, Brazil, Egypt, Latvia, Lithuania, Morocco, Peru and Romania). They provide voluntary principles and standards for responsible business conduct, in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.

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.

Transparency Benchmark
Annual survey conducted by the Dutch Ministry of Economic Affairs concerning the content and quality of CSR reporting of the larger Dutch companies.

United Nations Global Compact
A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

Waste-Abs *(Total weight of waste by disposal route)*
Waste-Abs refers to the total amount of waste produced and disposed of via various disposal routes, over a full reporting year.

Waste-LfL *(Like-for-like total weight of waste by disposal route)*
Waste-LfL refers to the waste arising from a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth)

Water-Abs *(Total water consumption)*
Water-Abs refers to the total amount of water consumed within a portfolio, over a full reporting year.

Water-Int *(Building water intensity)*
Water-Int refers to the total amount of water consumption within a building over a full reporting year, normalised by an appropriate denominator.

Water-LfL *(Like-for-like total water consumption)*
Water-LfL refers to the water consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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GENERAL INFORMATION VASTNED

VASTNED

NETHERLANDS
De Boelelaan 7
1083 HJ Amsterdam
PO BOX 22276
1100 CG Amsterdam
Phone: +31 20 24 24 300
www.vastned.com
info@vastned.com

FRANCE
Rue de Rivoli 118-120
75001 Paris
Phone: +33 155 80 57 67

BELGIUM
Generaal Lemanstraat 74
2600 Antwerp
Phone: +32 33610590
www.vastnedretailbelgium.be
info@vastnedretailbelgium.be

SPAIN
Calle del Marqués del Riscal 2-4 planta
28010 Madrid
Phone: +34 913 60 07 92

TURKEY
Ust Zeren Sok. No: 28
1. Levent / Beşiktas Istanbul
Phone: +90 21 22 70 41 92

SUPERVISORY BOARD

- Mr M.C. van Gelder, Chairman
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COLOFON

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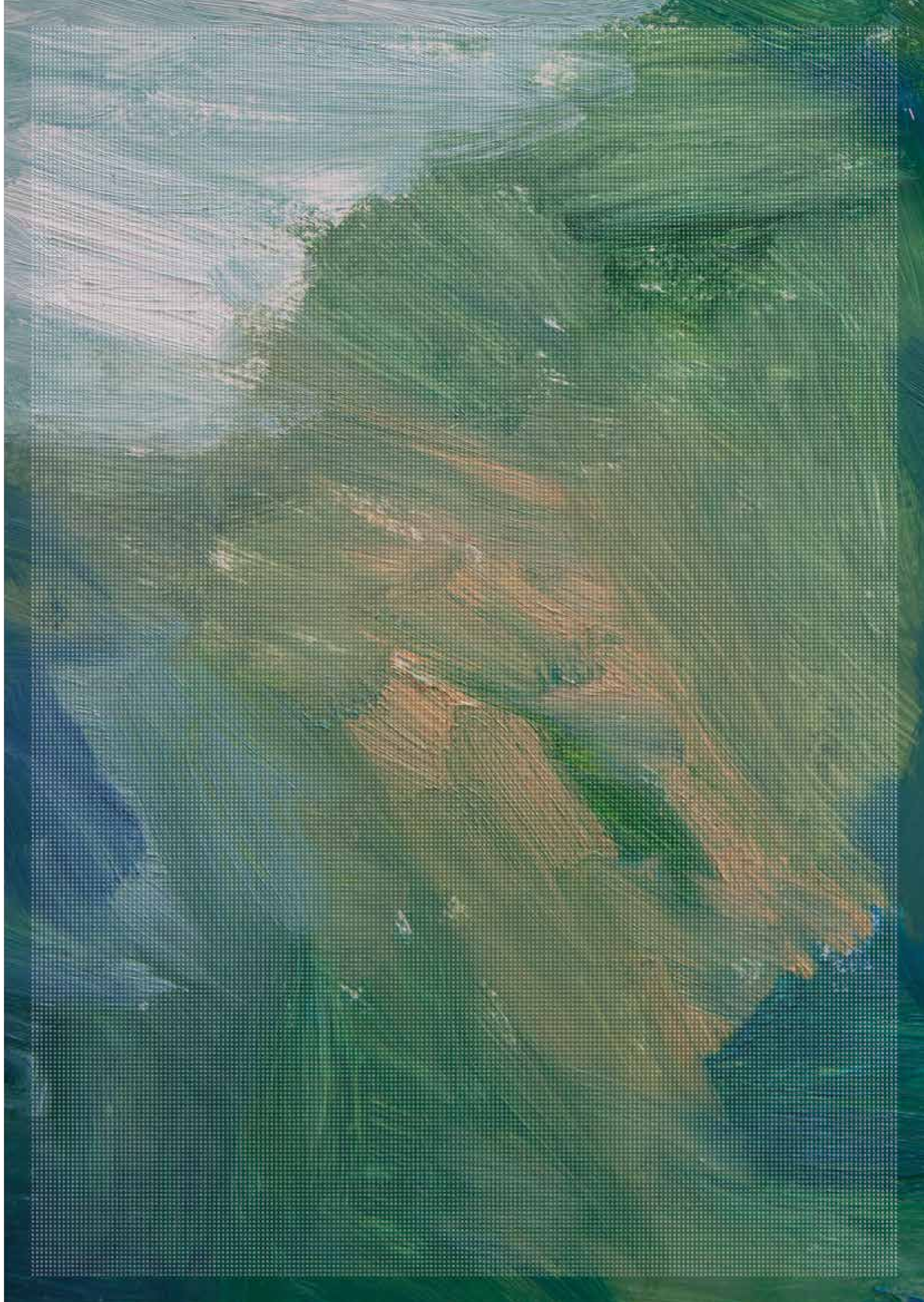


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